



Daily Report—

China

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2 December 1993**

Daily Report

China

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Foreign Ministry Holds Weekly News Briefing

On U.S. Special 301 Decision

OW0212112593 Beijing XINHUA Domestic Service in Chinese 1005 GMT 2 Nov 93

[“Spokesman Voices Strong Displeasure Over U.S. Intention To Put China on Priority Watch List Under Special 301 Section, Pointing Out That China Has Made Significant Progress in Protecting Intellectual Property”]

[Text] Beijing, 2 Dec (XINHUA)—Chinese Foreign Ministry spokesman Wu Jianmin, commenting on U.S. intentions—indicated by a U.S. official—to put China on the priority watch list under the Special 301 Section, today voiced strong displeasure [qiang lie bu man 1730 3525 0008 3341] over this unilateral action to be taken by the U.S. side in disregard of China's significant progress in protecting intellectual property.

At the weekly news conference this afternoon, a reporter asked: U.S. Trade Representative Mickey Kantor said that the United States would include China on the priority watch list under the Special 301 Section on the grounds that China has violated the agreement on the protection of intellectual property. What is China's response to this?

Wu Jianmin said: Since the conclusion of the Memorandum of Understanding on the Protection of Intellectual Property between China and United States on January 17 1992, China has always strictly fulfilled its obligations under the Memorandum, and has acceded to the Universal Copyright Convention, the Berne Convention for the Protection of Literary and Artistic Works, the Geneva Convention for the Protection of Phonograms, and the Patent Cooperation Treaty; and it has amended its law on trade marks and the patent law as well as the rules for their implementation. In addition, it has drawn up special administrative regulations for the protection of intellectual property rights of pharmaceuticals and agricultural chemical substances. To better protect intellectual property rights, Chinese courts have set up special intellectual property rights protection tribunals. The judiciary and competent authorities of China have seriously dealt with a number of cases of infringement upon trademarks, patents, and copyright in accordance with the above international conventions and the relevant Chinese laws and regulations.

He pointed out: “We would like to express our strong displeasure at this unilateral action to be taken by the U.S. side, in disregard of the significant progress China has made in protecting intellectual property. The differences on the issue of protecting intellectual property should be resolved through consultations within the framework of the signed Memorandum of Understanding; no unilateral

action or threat can help promote bilateral trade and economic relations, nor can it benefit either side.”

Views UK Talks on Hong Kong

OW0212113993 Beijing XINHUA Domestic Service in Chinese 1010 GMT 2 Dec 93

[By reporter Yu Haisheng (0060 3189 3932) and trainee reporter Huang Yan (7806 3601)]

[Text] Beijing, 2 Dec (XINHUA)—Foreign Ministry spokesman Wu Jianmin stated today: If the British side submits the so-called constitutional bills to the Legislative Council [Legco] for discussion, it will mean the breakdown of Sino-British talks, the responsibility for which rests entirely with the British side.

At the weekly news conference this afternoon, a reporter asked: Hong Kong Governor Chris Patten said today he would submit part of his electoral reform package to Legco in the middle of this month. Will the 18th round of Sino-British talks be held under such circumstances?

Wu Jianmin said: During the 17th round of talks, the British side took the initiative in breaking off the talks on the arrangements for district board elections and indicated that it would submit part of the draft legislation to Legco in the first half of December. The motive of the British side in proposing the 18th round of talks under such circumstances is very obvious.

He said: “As early as the beginning of last April, when China and the United Kingdom commenced talks, the Chinese side made clear to the British side that if the British submitted the so-called constitutional bills to Legco for discussion before an agreement was reached in Sino-British talks, it would mean a breakdown of the talks, the responsibility for which would not rest with the Chinese side. This is the consistent position of the Chinese side.”

As for whether the breakdown of Sino-British talks on the Hong Kong issue would affect Sino-British relations and Hong Kong's prosperity and stability, Wu Jianmin said: The Hong Kong issue is an important aspect of Sino-British relations. The Chinese side has always been sincere about the talks and has made tremendous efforts in this regard. Should the talks break down, the responsibility would rest entirely with the British side. If these circumstances arise, Sino-British relations will inevitably be affected. This certainly is not what we want to see. The British side should be responsible.

He reiterated: The Chinese Government and people are firmly confident that no matter what happens, we have the determination and ability to resume the exercise of sovereignty over Hong Kong as scheduled; to implement the principles and policies of “one country, two systems” and “allowing the people of Hong Kong to administer Hong Kong”; and to maintain Hong Kong's long-term stability and prosperity.

Bill Tabling Means 'Breakdown'

HK0212084793 Hong Kong Commercial Radio in Cantonese 0730 GMT 2 Dec 93

[From the "News" program]

[Text] Chinese Foreign Ministry spokesman Wu Jianmin has said that the tabling of the political reform package by the Hong Kong governor in the Legislative Council means a breakdown of talks on the political system, and that the responsibility is not on the Chinese side. Cheung Sau-wan reports from Beijing:

[Begin recording] [Cheung] Regarding Hong Kong Governor Patten's announcement at the Legislative Council meeting that the Hong Kong Government will table some parts of the political reform package in the Legislative Council on 15 December, Chinese Foreign Ministry spokesman Wu Jianmin said at the weekly news conference that, in fact, at the just concluded 17th round of talks, the British side had already taken the initiative in stopping the talks on the district board elections and so on, and said it would table some parts of the draft in the Legislative Council in the first half of December. Under this situation, it still proposed that the 18th round of talks should be held, and this clearly showed its intention. Because before the Sino-British talks started in April, the Chinese side had already made it clear that if the Hong Kong Government tabled the political reform draft in the Legislative Council before an agreement could be reached, it means a breakdown of talks, and if they did this, the responsibility is not on the Chinese side.

[Wu Jianmin] At the 17th round of talks, the British side had already taken the initiative in stopping the talks on the elections arrangements for the district organizations; it also said that in the first half of December, it would table some parts of the draft legislation in the Legislative Council. Under such circumstances, the British side still proposed that the 18th round of talks should be held. Its intention is very clear. As early as April this year, when China and the United Kingdom began the talks, the Chinese side made it clear to the British side that if the British side tabled the so-called political reform package in the Legislative Council for discussion before the Sino-British talks could reach an agreement, it means a stopping [zhong duan] of the talks, and the responsibility is not on the Chinese side. This is the consistent position of the Chinese side.

[Cheung] Wu Jianmin explained that its clear intention means it puts the opinion of the Legislative Council above the Sino-British talks. When asked whether the breakdown of talks will affect Sino-British relations, Wu Jianmin said that the Hong Kong question is an important part of Sino-British relations, and that if the talks stop, then Sino-British relations and even economic cooperation can hardly avoid being affected, but the Chinese Government guarantees that no matter under what kind of condition, it will let Hong Kong people rule Hong Kong, implement one country, two systems, and safeguard Hong Kong's prosperity and stability.

A spokesman at the British Embassy refused to respond to Wu Jianmin's remarks. This is Cheung Sau-wan reporting in Beijing for Commercial Radio. [end recording]

On French Arms Sales to Taiwan

OW0212100693 Beijing XINHUA Domestic Service in Chinese 0920 GMT 2 Dec 93

[Text] Beijing, 2 Dec (XINHUA)—Foreign Ministry spokesman Wu Jianmin today urged the new French Government to take concrete steps to correct its predecessor's wrong practice of selling weapons to Taiwan.

He made the remarks this afternoon, in response to a question raised by a reporter at the weekly news conference.

The reporter asked: How will China respond to the French foreign minister's expression of hopes for "rebuilding a relationship of trust" with China?"

Wu Jianmin replied: "The new French Government made similar statements on many occasions. We welcome such statements. The new French Government should take concrete steps to correct its predecessor's wrong practice of selling weapons to Taiwan to restore and develop Sino-French relations on the basis of mutual respect, noninterference in each other's internal affairs, equality, and mutual benefit."

'Small Countries' Have Taiwan Ties

OW0212115593 Tokyo KYODO in English 1138 GMT 2 Dec 93

[Text] Beijing, Dec. 2 KYODO—A Chinese official said Thursday [2 December] that only "small countries" continue diplomatic relations with Taiwan and that the island territory should give up its efforts to create "diplomatic space" for itself.

"Those countries having diplomatic relations with Taiwan at present are mostly small countries in Central America. I feel that one China is the trend of the times and the aspirations of the people," Foreign Ministry spokesman Wu Jianmin said at his weekly briefing.

Wu was answering a question concerning the relation of Chinese President Jiang Zemin's recently completed visit to Cuba, Brazil and Portugal and Taiwan's status as a part of China.

Such a statement is an apparent contradiction of China's long-held policy that all countries, no matter how big or small, should be treated equally among nations, analysts noted.

More than 10 Latin American nations have diplomatic ties with Taiwan, while some countries, like Haiti, have not officially stated their position.

"We would like to advise the Taiwan authorities to relinquish their stand (on diplomatic space) as early as possible," Wu said.

He said, "China and Latin America are developing countries. We share many common points on the international scene and economically both sides are complimentary."

"Both the Chinese and Latin American sides have expressed a strong desire to have continued, in-depth development of relations between the two sides in various fields," Wu continued.

Guyanese, Romanians To Visit

OW0212090893 Beijing XINHUA in English 0828
GMT 2 Dec 93

[Text] Beijing, December 2 (XINHUA)—President of the Co-operative Republic of Guyana Cheddi Jagan will pay a state visit to China from December 12 to 17 at the invitation of Chinese President Jiang Zemin, a Chinese Foreign Ministry spokesman announced at a weekly press conference here today.

The spokesman also announced that a Romanian parliamentary delegation headed by Adrian Nastase, chairman of the House of Representatives, will pay a goodwill visit to China from December 6 to 14, at the invitation of the Standing Committee of the Chinese National People's Congress.

Jiang Zemin's 20 Nov Speech to APEC Leaders

OW0212084093 Beijing BEIJING REVIEW in English
No 48, 29 Nov-5 Dec 93 pp 8, 9

[“For a More Prosperous New Asia-Pacific Century”; first paragraph is BEIJING REVIEW introduction]

[Text] The following is a speech made by Chinese President Jiang Zemin at the Informal APEC Leadership Conference on November 20, 1993.

This Informal APEC Leadership Conference affords us an opportunity of meeting with each other. I hope that the conference will facilitate Asia-Pacific economic cooperation, enhance mutual understanding and trust and contribute to world peace and development in the region and the world.

The world is approaching the 21st century. We can draw useful lessons from a review of the past and a survey of the future. The 20th century has seen tremendous progress in civilization and fantastic advancement in science, technology and productive forces. On the other hand, it has been ridden by wars and fraught with insecurity [sentence as published]. Two world wars were fought, not to speak of innumerable other conflicts or local wars. The world is now in a historic period of dramatic changes. The end of the Cold War and the breakup of the bipolar structure entail a positive evolution in international relations. At the same time, we have seen many local conflicts and complicated situations. The international scene is fluid and fraught with unpredictables. The world is far from being safe. Global peace and development still face severe tests.

What is gone is gone. Let us face the future. What kind of a world are we going to usher into the 21st century? This is

an important question that we, as the current leaders, must carefully ponder and answer. There are a few years left in this century. We still have time to act and we certainly should try to achieve something. If we work together to surmount difficulties and obstacles, we can help bring about genuine peace and prosperity to mankind. People everywhere will acknowledge that we have done something great and significant. But if the world continues to be chaotic, insecure and plagued by economic troubles at the turn of the century, how are we going to account for this to the world people? As we assumed leadership at time of transition from the old to the new century, we were predestined to carry such a responsibility.

The Asia-Pacific region has made a tremendous contribution to human civilization. Now it commands a great deal of attention from the international community and occupies an ascending place in global politics and economy. We are pleased that as a result of our common endeavors, Asia-Pacific has become a region full of dynamism and hope which enjoys relative political stability, sustained high economic growth, and a strong investment momentum, which holds out good prospects for trade and a huge potential for cooperation.

APEC covers a vast and highly diversified expanse in the Asia-Pacific region. It is the world's largest economic region and possesses the biggest markets and most favorable investment environment. The economies in our region are highly compatible and complementary with each other, and therefore have tremendous potentials for expanding cooperation. In the final analysis, a country or region owes its development to a robust economy, and there can be no regional prosperity without the development of the component countries. All of us should adopt a development strategy compatible with our own conditions and strive first of all to manage our own affairs well. At the same time, we should go with the historical trend of increasing economic ties among different countries and regions by promoting international economic exchanges and cooperation, especially within our own region. Asia-Pacific countries should have a long-term strategic perspective. We should look ahead into the 21st century and exert concerted efforts to ensure a sustained and steady economic growth in each country and the region as a whole. Regional economic cooperation should be geared to common prosperity and conducted on the principles of mutual respect, equality and mutual benefit and opening to one another. In practical terms, we should bilaterally and multilaterally conduct multi-form, multi-tier and multi-channel cooperation progressively in the light of the actual conditions and specific characteristics of the region, thereby continuously opening new scopes for the economic development of the region.

A region cannot achieve economic development in isolation of the rest of the world. Asia-Pacific countries should be oriented to their own region as well as the rest of the world. We should open ourselves to countries within and without our region. And we should work for a fair and just economic relationship both within our region and throughout the world. Many developing countries are weighed down by economic woes and the gap between the North and the South continues to widen. All this is seriously hampering world economy. If all of us keep in mind the development of the entire mankind, it will not be

difficult for us to come to a common understanding of the necessity and importance of reforming the existing unjust international economic order and helping relieve the developing countries from poverty. We will come to recognize that this is not only an urgent call from the developing countries, but also meets the actual needs of the developed countries to bolster their economies. All countries in the world should join hands and try to fulfill this common task so as to promote regional and global economic well-being.

Economic development and cooperation would not be possible without a peaceful and stable international environment. No development is possible in troubled times. This has been borne out by recent and past history. Global order or disorder is largely decided by the state of international relations. Only when all countries abide by the principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence can a new type of international relations be established and developed and can world peace and development be ensured.

The Asia-Pacific region does not owe its success to the formation of a bloc, be it economic, political, or military. The boom in our region is attributable to the policy of opening-up and cooperation, to the readiness of learning from one another and supplying each other's needs, and to the observance of mutual respect, equality and mutual benefit. Proceeding from this viewpoint, we hold that APEC should be an open, flexible and pragmatic forum for economic cooperation and a consultation mechanism rather than a closed, institutionalized economic bloc.

Thanks to her 15 years' efforts in reform and opening-up, China has been able to score remarkable success. We have achieved political stability, social tranquility and accelerated economic growth. Our reform and opening-up program and the socialist market economy which we are building fully tally with China's actual conditions, and have won the support of people of all nationalities in our country. Our central task is to go all out to bolster our economy. Our basic policy regarding reform and opening-up will remain firm and unshakable. Indeed, our reform and opening-up is irreversible. We will only further deepen and build on it. What is also irreversible is that China will enjoy greater economic growth and social progress, and that our democracy and legal system will be further strengthened. We have full confidence in our country's future.

China practices all-directional opening-up. We are open to the entire world, primarily to the Asia-Pacific region. We have a strong interest in participating in and promoting regional economic cooperation. It is our firm policy to expand economic cooperation and trade with other Asia-Pacific countries.

China unswervingly pursues an independent foreign policy of peace and has been making unremitting efforts toward the maintenance of regional and world peace and stability. We never seek hegemony. We keep away from arms race

and military blocs and never seek any sphere of influence. We always strive to develop friendly relations and cooperation with our neighbors and all other countries of the world on the basis of the Five Principles of Peaceful Coexistence. China cannot develop in isolation of the world. The world equally needs China for development. A stable, developed and prosperous China will by no means pose a threat to any country, instead, it will only contribute more to the peace and development of the Asia-Pacific region and the world at large.

Friendship and cooperation are the bridge to lasting peace and common prosperity. Let us be sincere friends; let us seek common ground and put aside differences; and let us strengthen our cooperation and work together for a more splendid new Asia-Pacific century!

Li Lanqing To Attend Education Summit in India

OW0212090393 Beijing XINHUA in English 0720 GMT 2 Dec 93

[Text] Beijing, December 2 (XINHUA)—China will attend the nine most-populous developing countries' summit on "Education for All" (EFA), to be held in India on December 15 and 16.

Li Lanqing, Chinese vice-premier, will head a delegation to attend the summit on behalf of Premier Li Peng.

Other countries scheduled to take part in the two-day summit are Bangladesh, Brazil, Egypt, India, Indonesia, Mexico, Nigeria and Pakistan. The nine countries hold 72 percent of the world's nearly one billion illiterates.

Following the world conference on EFA held in Thailand in 1990, the summit is being organized by the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF) and the United Nations Fund for Population Activities (UNFPA).

The UN wants assurances from the heads of the nine countries that they will promote the EFA program and strengthen international cooperation in education, according to Liu Bing, vice-director of the State Education Commission.

An official at UNICEF says that the EFA initiative has been widely supported in the nine most-populous developing countries. China has pioneered and nurtured many imaginative experiments in this regard.

China has popularized elementary education among 91 percent of its population, with the illiteracy rate dropping from 80 percent to some 16 percent in the past 46 years. Liu said, adding that China is striving to make primary education compulsory and wipe out illiteracy among young people by the end of this century.

Under an agreement to place high priority on primary education, the Chinese Government has cooperated in many programs with UNESCO, UNICEF, UNFPA, the United Nations Development Program and the World Bank, Liu said.

In order to promote China's education, the country has been given 70 million dollars in grants and 100 million dollars in loans over the past 10 years from these organizations.

Li Tieying Receives Overseas Securities Experts

*OW0212123393 Beijing XINHUA in English 1116
GMT 2 Dec 93*

[Text] Beijing, December 2 (XINHUA)—Chinese State Councillor Li Tieying met with a group of overseas securities experts and figures in the economic circle here this afternoon.

Among those experts present at the meeting were Chairman Li Yeguang of the Stock Exchange of Hong Kong Ltd., President Hong In-ke of the Korea Stock Exchange of the Republic of Korea, and D.J. Hudson, chairman of the Vancouver Stock Exchange of Canada. They have been here to attend the "International Symposium on Developing China's Securities Market", which was held here from December 1 to 2.

During the meeting, Li, who is also minister in charge of the State Commission for Restructuring the Economy, said securities trading now is a "hot spot" in China's economic reform.

He noted that China is willing to draw on the successful experience in international securities trading and strengthen its cooperation with the international securities circles.

Liu Hongru, chairman of the China Securities Regulatory Commission, was also present at the meeting.

China Chairs UN Security Council in Dec

*OW0112190593 Beijing XINHUA in English 1848
GMT 1 Dec 93*

[Text] United Nations, December 1 (XINHUA)—Chinese Ambassador to the United Nations Li Zhaoxing today became the president of the Security Council for December, at a time when many burning world issues cry for a solution.

The Chinese ambassador spent the whole day today discussing the agenda of the council for the current month with the other ambassadors of the member states of the council as well as with the president of the 48th U.N. General Assembly and the chairmen of regional groups.

Li, who assumed the office of the Chinese permanent representative to the world organization last April, said that China would continue to play its appropriate role at the council in accordance with the purposes and principles of the U.N. Charter.

The Security Council, one of the major institutions of the United Nations, consists of five permanent members, namely China, France, the Russian Federation, the United Kingdom and the United States, and 10 non-permanent

ones whose tenure lasts for two years. Its sessions are chaired by the members in turn on a monthly basis.

Jose Jesus, ambassador of Cape Verde to the United Nations, completed his presidency on November 30 and turned the job to Li later in the day.

Advising his Chinese counterpart, he said his golden rule in exercising his duty as president of the council was "always try to remain neutral when conflicting views occurred and air my own view, in the capacity of Cape Verde ambassador, at a proper time, preferably as the last speaker."

He said he was sure that his Chinese colleague would be an excellent president of the council.

On November 29, Li met with U.N. Secretary-General Butrus Butrus-Ghali and exchanged views with him on the work of the council and the hot-spots in different parts of the world. Both said that they would try to strengthen the cooperation between the president of the council and the secretary-general.

During the meeting, Butrus-Ghali expressed his appreciation over the role that China had played at the United Nations and the Security Council, as well as his belief that the work of the council would continue to succeed under a Chinese president.

The U.N. secretary-general also asked the Chinese ambassador to convey his best regards to the Chinese leaders.

Ambassador to Ethiopia Discusses Somali Affairs

*OW2911185193 Beijing XINHUA in English 1832
GMT 29 Nov 93*

[Text] Addis Ababa, November 29 (XINHUA)—A Chinese diplomat said here today that a political solution to the Somali problem lies in the realization of a broadly-based national reconciliation with the participation of all Somali factions.

Addressing the 4th Coordination Conference on Humanitarian Assistance for Somalia, Jin Sen, Chinese ambassador to Ethiopia and delegate of the Chinese Government to the conference, said that the final solution to the Somali problem depends on the Somali people themselves.

He added that all the Somali factions should give up their divergences, give priority to the supreme interest of the people and nation of Somalia, end hostility, display their sincerity and courage to really carry out the Addis Ababa Agreement and realize the national reconciliation through dialogue.

"The international community is preoccupied with the situation in Somalia and has made great efforts to alleviate the suffering of the Somali people. However, the efforts made by the international community cannot substitute the Somali people for solving their problem," he said.

He said that the Chinese Government will actively consider to provide assistance, within its capacity, for the restoration, reconstruction and economic development of Somalia.

Fifteen Somali political factions reached an agreement on national reconciliation and peace in Addis Ababa, capital of Ethiopia, in March this year. But so far, the agreement has not been implemented by the factions.

Reportage on U.S. Passage of NAFTA Bill

NAFTA 'Still on Trial'

HK1911022093 Hong Kong SOUTH CHINA MORNING POST in English 19 Nov 93 p 22

[Editorial: "NAFTA Still on Trial"]

[Text] The cause of free trade gained a victory yesterday. United States President Bill Clinton's surprisingly strong 234-200 vote win in the House of Representatives on the North American Free Trade Agreement (NAFTA) should, at first sight, be as welcome in Asia as in the U.S. It seems to confirm the president's—if not his party's commitment to free trade rather than protectionism as the way to bring new growth to the American economy. And growth for the U.S. economy means more opportunities for its trading partners.

The win bolsters Mr Clinton's credibility in his dealings with the Asia-Pacific Economic Co-operation (APEC) forum in Seattle this week. It also bodes better for the future extension of China's Most Favoured Nation (MFN) trading status than the remarks of his Secretary of State Warren Christopher to Chinese Foreign Minister Qian Qichen earlier in the week.

But, like many Americans, many Asian countries will be deeply suspicious. The treaty's domestic opponents fear jobs will be lost to Mexico; they argue that the pact will help big business and the Mexican economy at the expense of American jobs. Asian critics fear their exports will be squeezed out of the U.S. market by Mexican goods.

Worse still, the treaty may be used as an excuse for raising trade and investment barriers against Asia, even in sectors where Mexico is no direct threat. Free trade is a good thing but it must be free between all nations. Regional integration—fencing off a free trade area at the expense of the global economy is a danger to prosperity.

Much depends on the effect of the concessions Mr Clinton has been forced to make over the past week in his frantic wooing of congressional support. French, Japanese and Korean farmers alike will be furious at Washington's hypocrisy in providing its own farm states with protection against Canadian wheat and Mexican citrus, while demanding the rest of the world cut subsidies to agriculture.

Mr Clinton's tactics have tarnished the treaty. Although stock markets generally rose on the news of the vote, the euphoria was muted by fears that the worldwide knockon

benefits of renewed North American growth may be sharply delayed by additional barriers to trade with Asia.

Asia will welcome Mr Clinton's commitment to free trade and the general signal coming from the U.S. that the protectionists are still on the back foot. But it will want to see that commitment in action before raising a full-throated hurrah for NAFTA.

Senate Approves NAFTA

OW2111033093 Beijing XINHUA in English 0317 GMT 21 Nov 93

[Text] Washington, November 20 (XINHUA)—The U.S. Senate today approved the North American Free Trade Agreement (NAFTA) by a 61 to 38 vote.

The agreement would create the world's largest free trade zone. Nearly all tariffs and other trade barriers among the United States, Mexico and Canada would come down over 15 years, beginning January 1, next year.

Supporters say NAFTA would open the way to vast new markets for American goods while opponents argue that U.S. firms would move to Mexico for access to cheap labor and laxer environmental standards and thousands of Americans would lose their jobs.

On Wednesday night, the House of Representatives voted 234-200 to endorse NAFTA.

Analysts say the Congress' endorsement of the pact would improve inter-American trade relations.

With NAFTA won, President Bill Clinton can now move on to the Uruguay Round of the GATT talks, which must be concluded by December 15 to meet a congressional deadline.

U.S. Business expects big benefits from NAFTA as executives at companies large and small are talking optimistically about expanded opportunities in Mexico.

'Roundup' on Philippine Reaction

OW2011171793 Beijing XINHUA in English 1508 GMT 20 Nov 93

[Text] ("Roundup" by Lu Xiaoming: "Philippine Reactions to NAFTA Mixed")

[Text] Manila, November 20 (XINHUA)—The Philippines has made mixed reactions to the recent passage in the United States House of Representatives of the North American Free Trade Agreement (NAFTA).

President Fidel Ramos, now midway in his visit to the U.S., congratulated the passage, while trade officials expressed apprehensions that the treaty would deny Philippines' opportunities in trade and investments in the envisioned common market.

On Wednesday [17 November], the U.S. Congress voted 234-200 for the creation of the world's largest free trade area among the U.S., Canada and Mexico.

"I believe that NAFTA is a positive step for global trade liberalization," Ramos said in Houston.

Trade Undersecretary Tomas Alcantara, who is accompanying the president, also said the treaty would eventually lead to increased Philippine export of high-valued manufactures to the U.S., but admitted the country is expecting short-term adverse effects.

A previous study of the Department of Trade and Industry (DTI) on the implications of NAFTA showed that NAFTA could edge out Philippine exports to the U.S. and Canada and divert direct investments from the North America.

In trade, the study noted that the Philippines has more or less the same cost of labor, which could result in some Philippine products in the U.S. and Canada markets buried under a deluge of duty-free Mexican goods by a competitive labor.

With NAFTA, the study said, 1.11 billion U.S. dollars worth of Philippine products or about one-third of the country's total exports to the U.S., its largest export market, would compete directly with Mexican products.

The study identified products to be affected as textiles and apparel, television receivers and picture tubes, luggage, bags and handbags, footwear, dress globes, frozen pineapple concentrates, dolls, and sugar.

More to the dismay of the Philippine trade officials, the tariff on these goods from the Philippines ranges from 5 to 18.77 percent, while the average tariff for Mexican goods will be less than 4 percent.

The picture of inflow of direct investment from the U.S., the country's second largest investment source, also becomes dim, as investors are expected to see Mexico as an ideal gateway for exports to the U.S., the world's single largest market.

NAFTA provides that for exports to qualify for duty-free treatment, the goods should contain 60 percent local inputs, meaning the bulk of the products' raw materials should come from within the region or much of the processing should be done there.

This requirement "would force foreign suppliers to relocate to Mexico and thus divert investments away from the Philippines," the study said.

The best the Philippines could hope now is that NAFTA would not result in a dramatic drop in U.S. duties on Mexican exports because Mexico already enjoys a low tariff.

The government has also indicated that it will rely more on the Association of Southeast Asian Nations, which is also to implement a free trade area among its six members, to offset possible exports and investment losses to NAFTA.

Mexican Senate Approves NAFTA

OW2411035693 Beijing XINHUA in English 0029
GMT 24 Nov 93

[Text] Mexico City, November 23 (XINHUA)—Mexico's Senate approved the North American Free Trade Agreement (NAFTA) last night by a vote of 56-2 and with six abstentions after three-day debates.

A Senate spokesman said that only 58 of the 64 Mexican Senators attended the plenary session held for approving the accord and the agreements on safeguards and the environment.

The U.S. Congress approved the NAFTA last week and the agreement will become effective on January 1, 1994.

The Mexican Senators said that the agreement will benefit Mexico and its future trade partners.

Central America Willing To Join

OW2411035793 Beijing XINHUA in English 0132
GMT 24 Nov 93

[Text] San Jose, November 23 (XINHUA)—Central American countries will request admission to the North American Free Trade Agreement (NAFTA) as a bloc, Costa Rican President Rafael Angel Calderon said today.

The presidents of the five Central American countries are expected to discuss the possibility with U.S. President Bill Clinton on November 30 when they will have a lunch together in the White House.

Stressing the importance of Clinton's lunch invitation, President Calderon said that it is the new U.S. Administration's first direct and formal contact with Central America.

"We must take advantage of it because we are looking for market opportunities today. ...[ellipses as received] So we can increase our production and improve our living standards," he said.

The Costa Rican president said the markets of the NAFTA countries—Canada, the United States and Mexico—are very important, because they represent more than half of Costa Rica's exports.

Calderon will travel to Miami this Saturday [27 November] to meet with the governors of U.S. border states. The meeting, now becoming a tradition, will also be attended by presidents of the other Central American countries.

President Clinton Hosts Central American Leaders

OW0112002493 Beijing XINHUA in English 2323
GMT 30 Nov 93

[Text] Washington, November 30 (XINHUA)—U.S. President Bill Clinton today met with seven leaders of Central American nations at the White House, discussing steps to strengthen their trade and economic ties.

Clinton told reporters after their meeting that "our nation has a direct stake in Central America's stability and prosperity."

The United States exports 6 billion dollars in goods to this region, supporting over 100,000 American jobs.

"Today we discussed steps that Central America's nations can take: to strengthen our economic ties, including further trade liberalization and better protection of worker rights, intellectual property, and the environment," Clinton said.

They also discussed the impact of the North American Free Trade Agreement (NAFTA), which all of these leaders strongly supported.

"We agreed that NAFTA's historic passage can serve as a catalyst for the expansion of free trade to other market democracies throughout the hemisphere," Clinton noted.

Clinton stressed that "We will work to develop a new, more mature economic partnership with Central American based on trade expansion, multilateral support for economic reforms, and better coordination of bilateral and multilateral aid programs."

Clinton described their meeting as "a historic and very important moment," saying that "just a few years ago this morning's meeting would have been literally unthinkable."

"This is the first time in the 20th century that all of these nations have come here to the White House to meet the president of the United States," he added.

The seven leaders Clinton met with are President Alfredo Cristiani of El Salvador, President Guillermo Endara of Panama, President Rafael Leonardo Callejas of Honduras, President Violeta Chamorro of Nicaragua, President Rafael Angel Calderon of Costa Rica, President Ramiro de Leon Carpio of Guatemala and Prime Minister Manuel Esquivel of Belize.

Guatemalan President de Leon, who spoke for his six colleagues, said they expressed to Clinton their great interest in initiating consultations to incorporate the Central American countries into NAFTA.

"And President Clinton has decided to give this idea his backing," President de Leon added.

"We have decided to set up a high-level commission among us to follow up the process of incorporation of Central America into the North American Free Trade Agreement," President de Leon also said.

'News Analysis' on Christopher's Mideast Visit

OW0212114093 Beijing XINHUA Domestic Service in Chinese 0720 GMT 2 Dec 93

["News Analysis by reporter Liu Shun (0491 7311): "Why is Christopher Visiting Middle East Again"]

[Text] Cairo, 2 Dec (XINHUA)—U.S. Secretary of State Christopher will soon embark on another trip to the

Middle East—the third since he became secretary of state this year—to carry out shuttle diplomacy.

Observers of the Middle East question here believe that Christopher has two missions on the current Middle East trip: Breaking the deadlocked Syrian-Israeli talks, and speeding the Palestinian-Israeli talks. Before his departure, U.S. President Clinton asked him to do all he can to restart the wheel of peace in the Middle East.

Christopher will visit Israel, Syria, Jordan, Egypt, Tunis, and possibly Lebanon during the Middle East visit, with Syria and Israel at the top of the list. Syria and Israel are locked in a stalemate over the issue of troop withdrawal. Syria wants all Israeli troops to pull out from the Golan Heights; that is, total pullout in exchange for total peace. Israel, on the other hand, insists that it keep some troops in the Golan heights for security reasons.

It has been learned that Christopher will bring a new plan for settling the Syrian-Israeli dispute, a plan that is patterned after the Sinai formula; that is, completion of a phased troop pullout over a period of six months, recognition of Syria's sovereignty over the land, deployment of UN troops in the area, and the signing of a Syria-Israel peace agreement that would normalize their relationship. Christopher will conduct shuttle diplomacy between Tel Aviv and Damascus to pass on each side's positions for the resumption of talks, and the new U.S. plan. A Western diplomat has disclosed that if Christopher's Middle East trip is successful, Clinton would invite Syrian President al-Asad and Israeli Prime Minister Rabin to Washington for a summit meeting of the three nations.

The Palestinian-Israeli talks over self-government in Gaza-Jericho have now entered a crucial juncture. Reconciling their differences and speeding the negotiation process is another major objective of Christopher's visit. In the month or so since the Palestinian-Israeli talks started, the two sides have made some progress on the size of Jewish settlements and the establishment of observation stations. They remain divided over many substantive issues, such as the size of Jericho, the border between Gaza and Egypt, the border between Jericho and Jordan, and control over a passageway between Jericho and Gaza. At the same time, violence in the occupied lands has escalated and a string of bloody events has cast a new dark shadow over the already intractable Palestinian-Israeli talks.

The other day, PLO Chairman 'Arafat accused Israel of taking a hard-line and taking the Palestine-Israel talks to a blind end. He said, however, that he would continue negotiations with Israel until the agreement on self-government arrangements in Gaza and Jericho is fully put into effect. Israeli Prime Minister Rabin suggested that implementation of the agreement be pushed back for two or three weeks; the reason being that this would help avert misunderstandings on each side. After Palestinian-Israeli talks resumed on 30 November, Sha'ath, chief of the Palestinian delegation to the Gaza-Jericho Committee who is also 'Arafat's political adviser, noted that the Palestinian-Israeli negotiations were entering a very difficult stage. It is expected that in his meeting with leaders of

the two sides, Christopher will try to persuade them to make concessions so that they can narrow their differences and sign a troop withdrawal accord before 13 December, the date set in the agreement for the start of Israeli troop withdrawal.

As things stand, resumption of Arab-Israeli talks is inevitable, the only question being that of timing. Territory and security remain at the heart of the stalemate between Israel and Syria, and even the Middle East talks as a whole. If these issues remain unsolved, it will be very difficult for negotiations on other issues to move forward. The Palestinian-Israeli talks are deadlocked over the troop withdrawal issue; in the Syrian-Israeli talks there is also no sign of any easing on the issue of troop withdrawal. It is thus clear that Christopher will find his current Middle East mission is not an easy one.

Kuwait To Buy Russian Military Equipment

OW0212044793 Beijing XINHUA in English 0028
GMT 2 Dec 93

[Text] Moscow, December 1 (XINHUA)—Kuwait decided today to buy Russian military hardware while Russia expressed its willingness to expand military cooperation with the Gulf country.

The decision was made immediately after Kuwaiti Defense Minister 'Ali Sabah Al-salim al-Sabah toured an air force base outside Moscow known for its Mi-8 and Mi-26 helicopters, which "particularly interested" the minister.

But it is not known what kinds of the military machinery the Kuwaiti minister had decided to purchase.

"Russia has all necessary military machinery and could take part in the establishment of Kuwait's defense complex," Russian Deputy Prime Minister Oleg Soskovets told his Kuwaiti guest.

Soon after his arrival in Moscow on November 29, the Kuwaiti minister held talks with his Russian counterpart Pavel Grachev and signed a "defense agreement on cooperation" between the two countries.

Soskovets said the accord would help promote stability in the Gulf region and would not be aimed against other countries.

United States & Canada

Rong Yiren Discusses Seattle Summit With Guests

OW0212072693 Beijing XINHUA in English 0634
GMT 2 Dec 93

[Text] Beijing, December 2 (XINHUA)—Chinese Vice-President Rong Yiren met here this morning with a board of directors delegation of the United States-China Business Council, led by its chairman, Maurice R. Greenberg.

During the meeting Rong expressed his thanks for the efforts made by the U.S.-China Business Council for the development of Sino-U.S. economic and trade relations.

He said that China, far from developed, has basically solved the problem of food and clothing for its people.

He noted that China will make great efforts to develop its economy, deepen its reform and accelerate the pace of its opening up, in a bid to improve people's lives. This is mainly up to China itself, he stressed, while international business exchanges are also indispensable.

On the recent Sino-U.S. summit meeting in Seattle, Rong said that there should be more such meetings internationally, adding that such meetings will provide opportunities for solving certain problems and have a profound international impact.

Greenberg said that the U.S. business community is delighted about China's reform and opening, especially the decision to build a socialist market economy.

Greenberg and his party came to China as guests of the China Council for the Promotion of International Trade.

Southeast Asia & Pacific

Ding Guangen, Delegates Visit Vietnam's Do Muoi

OW0112161393 Beijing XINHUA Domestic Service in Chinese 1813 GMT 30 Nov 93

[By reporter Zhang Jiaxiang (1728 0502 4382)]

[Text] Hanoi, 30 Nov (XINHUA) —Do Muoi, general secretary of the Vietnamese Communist Party [VCP] Central Committee, this afternoon cordially met with a CPC delegation led by Ding Guangen, member of the CPC Central Committee Political Bureau and Secretariat.

At the meeting, Ding Guangen conveyed to Do Muoi, Le Duc Anh, Vo Van Kiet, Nong Duc Manh, and other Vietnamese leaders the cordial greetings from Chinese leaders Jiang Zemin, Li Peng, and Qiao Shi.

Ding Guangen said the purpose of the CPC delegation's visit to Vietnam is to promote further development of friendly and cooperative relations between the two parties and countries. He pointed out: The two parties, which shoulder the heavy responsibility of developing the economy and improving the people's living standards, are implementing a policy of reform and opening up, and both need an international environment of peace and stability. The two countries, linked by mountains and rivers as well as traditional friendship, should all the more strengthen cooperation and develop their friendly and cooperative relations. China implements a foreign policy of independence and peace and is concentrating on handling well its own affairs, developing its economy, and improving the people's living standards. China is willing to develop friendly and cooperative relations with other countries in the world, particularly good-neighborly, friendly, and cooperative relations with its neighboring countries, on the

basis of the Five Principles of Peaceful Coexistence to contribute to peace and development in the region and the world.

Do Muoi warmly welcomed the CPC delegation. He asked Ding Guangen to convey his cordial regards to Jiang Zemin, Li Peng, Qiao Shi, and other Chinese party and government leaders. He said: China has achieved tremendous success in its reform and opening, and has developed its economy very rapidly. The Vietnamese people are very proud and happy about this. Your achievements not only are conducive to China's development, but also have positive meaning to Vietnam's and other countries' development.

Do Muoi said: Vietnam has achieved initial success in its reform. However, its economic standard is still very low. Vietnam is implementing a diversified [duo yang hua 1122 2876 0553] and multidirectional foreign policy to attract foreign capital, technology, and managerial expertise to help develop its own economy. Vietnam will strive to promote friendship and cooperation with China, Vietnam's friendly neighbor, in all fields.

The CPC delegation arrived in Hanoi by plane at noon on 29 November on an official goodwill visit to Vietnam at the VCP's invitation. The delegation includes Wang Maolin, member of the CPC Central Committee and secretary of the Hunan Provincial CPC committee; Sun Jiazheng, alternate member of the CPC Central Committee and deputy secretary of the Jiangsu Provincial CPC committee; Liu Yunshan, alternate member of the CPC Central Committee and deputy director of the CPC Central Committee Propaganda Department; Zhu Shanqing, deputy director of the CPC Central Committee International Liaison Department; Hu Zhenmin, deputy secretary general of the CPC Central Committee Propaganda Department; and Zhu Dacheng, director of the International Liaison Department Second Asian Bureau.

On the afternoon of 29 November, the Ding Guangen-led CPC delegation and the Nguyen Duc Binh led-delegation VCP led held talks in a sincere and friendly atmosphere. Nguyen Duc Binh briefed the Chinese guests on the achievements made by Vietnam in its reform, opening, and economic construction, as well as the problems it has encountered. Ding Guangen explained China's current political and economic situation and highlights of the Third Plenary Session of the 14th CPC Central Committee. Both sides pledged to further develop relations between the two parties and countries, strengthen bilateral exchange and cooperation, and promote the two countries' economic development.

Nguyen Duc Binh hosted a banquet honoring the CPC delegation on the same evening.

Ding Guangen and his party today paid respects at the remains of President Ho Chi Minh, the great leader of the Vietnamese people and a close friend of the Chinese people. They also visited President Ho's former residence and held separate working-level meetings with Hong Ha, member of the VCP Central Committee Secretariat and

director of the International Liaison Department; and Ha Deng [name as received], director of the VCP Central Committee Ideology and Culture Department. Ding Guangen also paid a visit to Chinese Embassy personnel in Vietnam.

Zhang Qing, Chinese ambassador to Vietnam, took part in the delegation's activities.

The delegation will leave Hanoi by plane tomorrow afternoon for Ho Chi Minh City, Tongnai, and Bac Thai-Tou Tun Provinces in southern Vietnam to continue its visit. The delegation will complete its official goodwill visit to Vietnam on 5 December.

Leaders Greet Lao Counterparts on National Day

BK0212102593 Beijing China Radio International in Lao 1230 GMT 1 Dec 93

[Text] On 30 November, Comrade Jiang Zemin, general secretary of the CPC Central Committee and president of the PRC; Comrade Li Peng, premier; and Comrade Qiao Shi, chairman of the National People's Congress Standing Committee of the PRC, sent a joint message of greetings to Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary Party [LPRP] Central Committee and prime minister of Laos; Comrade Nouhak Phoumsavan, president of state; and Comrade Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic [LPDR], on the occasion of the 18th anniversary of Laos' national day. The greetings message reads as follows:

On the occasion of the 18th anniversary of the LPDR, on behalf of the CPC, the Chinese Government, the Standing Committee of the National People's Congress, the Chinese people, and in our own names, we would like to convey wholehearted greetings to you, comrades, and through you, to the LPRP, the government, the National Assembly, and the people of Laos.

Over the past year, the friendly cooperation in all spheres between China and Laos has been developed to a new level. We have attached great importance to the development of the good relations of friendship and neighborliness and the cooperation of mutual benefit with your country. We are satisfied with the fruitful achievements of the development. We are convinced that with the efforts by the two sides, the friendly relations and cooperation between the two countries, China and Laos, will certainly be further improved and strengthened on the basis of the Five Principles of Peace Coexistence.

We wish the LPDR prosperity and wish the Lao people happiness.

On the same day, Comrade Qian Qichen, deputy prime minister and foreign affairs minister of the PRC, also sent a greetings message to Comrade Somsavat Lengsavat, foreign affairs minister of Laos, on the 18th anniversary of Laos' national day. The message reads as follow:

On the occasion of the 18th anniversary of the LPDR, I would like to extend wholehearted greetings to you, comrade. May the friendly relations and good-neighborly cooperation between China and Laos and the cooperation between the two countries in international affairs be increasingly enhanced with each passing day!

Lao Envoy Previews Prime Minister's Visit

OW0212061793 Beijing XINHUA in English 0518
GMT 2 Dec 93

[Text] Beijing, December 2 (XINHUA)—A boundary treaty will be signed between Laos and China during a visit to China by Lao Prime Minister Khamtai Siphandon, Lao Ambassador to China Ponmek Dalaloi said.

He told XINHUA that the upcoming visit will surely promote the comprehensive co-operation between the two countries and serve as "a milestone" in the history of Laos-China relations.

At the invitation of Chinese Premier Li Peng, Prime Minister Khamtai is to begin his five-day official goodwill visit to China tomorrow. Khamtai is also president of the Central Committee of the Lao People's Revolutionary Party.

According to Ambassador Ponmek, during the visit the leaders of the two countries will hold talks on bilateral ties and on issues of common interest. The two sides will sign a boundary treaty and an agreement on highway transportation.

Ponmek said the purpose of the visit is "many-sided", involving the fields of politics, economy and culture.

The ambassador called the visit "significant in many ways".

Laos and China are friendly neighbors, Ponmek noted, and their relations have strategic significance.

The governments and peoples of the two countries share common ideals and ways of development, he added, and frequent meetings between leaders of the two will further enhance mutual understanding and promote friendly co-operation in various fields to new heights.

Ponmek said that China is conducting reforms and opening up while Laos is "making innovations" and developing contacts with the outside, adding that China's "valuable experience" in economic construction is useful to Laos.

The ambassador, who has been working in China for more than one year, said that China's progress is notable. Such progress will have a beneficial effect on regional peace, stability, co-operation and development, he added.

Near East & South Asia

Li Ruihuan Meets Lok Sabha Speaker in India

OW0212103793 Beijing XINHUA Domestic Service in Chinese 0231 GMT 2 Dec 93

[By reporters Li Jiasheng (2621 1367 5116) and Li Guorong (2621 0948 2837)]

[Text] New Delhi, 1 Dec (XINHUA)—In a meeting here today with Patil, speaker of the Lok Sabha in the Indian Parliament, Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], said: It is hoped that this visit will enhance mutual understanding and expand contacts between the CPPCC and the Rajya Sabha and the Lok Sabha in the Indian Parliament.

Li Ruihuan said: Speaker Patil's visit to China early this year helped initiate exchanges between the two parliaments, thereby playing a positive role in further advancing Sino-Indian relations.

Patil said: Mutual visits by the prime ministers of the two countries in recent years have increased mutual understanding, friendship, and trust, and so has the Indian president's visit to China. The Lok Sabha in India is willing to further strengthen exchanges and contacts with the CPPCC and to spare no efforts to promote cooperation between the governments, parliaments, mass organizations, and peoples of the two countries, with a view to injecting new life into relations between the two countries.

Li Ruihuan conveyed cordial greetings and best wishes from Qiao Shi, chairman of the National People's Congress Standing Committee, to Speaker Patil. He also briefed Patil on the CPPCC's status and role in China's political system.

Bhatia, India's minister of state for external affairs, called on Chairman Li Ruihuan this afternoon. The two held cordial and friendly talks.

Sees External Affairs Minister

OW0112180893 Beijing XINHUA in English 1732
GMT 1 Dec 93

[Text] New Delhi, December 1 (XINHUA)—Visiting chairman of the Chinese People's Political Consultative Conference (CPPCC), Li Ruihuan met Indian External Affairs Minister Dinesh Singh here today.

Both the sides agreed that China and India should enhance bilateral cooperation in every field.

Li said that Sino-Indian ties have been improving all these years as a result of the good policies followed by the leaders of the two countries.

To strengthen good neighborly and mutually-beneficial cooperative ties between China and India is not only conducive to the interest of the two peoples but also to the peace and stability in Asia and the world, Li said.

Dinesh Singh said that there is a great scope for the further development of the India-China relations which have been improving over the years.

As two powers, India and China should strengthen cooperation to contribute to the stability and development in Asia and the world, the Indian external affairs minister said.

The CPPCC chairman said that China and India have many commonalities at the international level.

He hoped the two countries to continue and enhance their cooperation in the international field and make contributions to the establishment of a just and reasonable new political and economic world order.

During the meeting, Dinesh Singh also raised the point that India and China have been facing unreasonable human rights pressure from the west who are trying to use this issue to divide and control the Third-World countries.

Li agreed with the Indian external affairs minister, saying that the Western countries, who have poor human rights records themselves, are interfering in other countries' internal affairs in the name of the human rights.

Nepalese Prime Minister Comments on Li's Visit

*OW0112105693 Beijing XINHUA in English 0910
GMT 2 Dec 93*

[Text] Kathmandu, December 2 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala met with a Chinese radio delegation here this afternoon in his office.

Koirala said that "with a long history of relationship between our two countries, we would like to promote our friendship as high as the Qomolangma, the highest peak in the world."

Xu Yongsheng, deputy director of the China Radio International, said his meeting with the prime minister fully proved that Nepal pays great attention to the exchange of contacts between China and Nepal.

Referring to the Nepalese prime minister' China visit and the recent Nepal visit by senior Chinese Leader Li Ruihuan, Xu said the exchange of visits by the two countries' leaders have strengthened the friendship between China and Nepal and promoted it to a new height.

China has extended great help in Nepal's economic development, Koirala said, adding that "I'll do my best in promoting the two countries' friendship."

At the invitation of Radio Nepal, the Chinese radio delegation arrived here on November 28 and will leave tomorrow for India.

Army Chief Zhang Wannian Arrives in Pakistan

*OW0112163593 Beijing XINHUA in English 1615
GMT 1 Dec 93*

[Text] Islamabad, December 1 (XINHUA)—Chief of General Staff of the People's Liberation Army of China,

General Zhang Wannian, arrived in Karachi this afternoon for a six-day official visit to Pakistan.

He was greeted at the Karachi airport by chairman of the Joint Chiefs of Staff Committee, General Shamim Alam Khan, according to a press release of Inter-Service Public Relations of Pakistan Armed Forces (ISPR).

During his short stay at Karachi, General Zhang called on Defense Minister Aftab Shaban Mirani and discussed with him matters of common interest, including mutual cooperation between the armed forces of the two countries.

General Zhang, accompanied by his entourage, flew into capital Islamabad this evening.

During his visit to Pakistan, General Zhang will call on President Farooq Leghari, Prime Minister Benazir Bhutto and meet chairman Joint Chiefs of Staff Committee and three services chiefs.

He will also visit important defense installations and see places of historical interest.

An agreement on military cooperation is expected to be signed during his stay, said ISPR.

Delegate Signs Power Plant Agreement in Pakistan

*OW0112170693 Beijing XINHUA in English 1645
GMT 1 Dec 93*

[Text] Islamabad, December 1 (XINHUA)—Pakistan and China today agreed to manufacture power plants on co-production and co-financing basis to meet the energy requirements in Pakistan.

The agreement was reached during talks between a Chinese delegation led by Vice Minister for Machinery Industry Sun Changji and Pakistan Federal Minister for Industries and Production Mohammad Asghar here today.

The two sides also agreed to jointly bid for power plants in Pakistan.

Various power generation projects are already underway in Pakistan with Chinese assistance, Sun said.

The delegation came here to inspect the progress on these projects as well as check the possibility of further expansion of cooperation in this field, said Sun.

It arrived in Karachi on November 26 for a week-long visit to Pakistan and will leave here for Bangladesh tomorrow.

Jordanian Special Forces Commander Arrives

*OW0112155693 Beijing XINHUA in English 1407
GMT 1 Dec 93*

[Text] Beijing, December 1 (XINHUA)—Prince 'Abdallah bin al-Husayn, commander of the Jordanian Special Forces, arrived here this evening for a four-day goodwill visit to China as guests of the headquarters of the General Staff of the Chinese People's Liberation Army (PLA).

Fu Jiaping, director of the Foreign Affairs Department of the national defense, was among those who greeted the prince and his party at the airport.

East Europe

Bulgarian Assembly Delegation Continues Visit

AU3011200893 Sofia BTA in English 1901 GMT
30 Nov 93

[Text] Beijing, November 30 (BTA)—The Bulgarian parliamentary delegation to China met Wu Jie, deputy chairman of the Reforms Committee. The Bulgarian MP's, headed by National Assembly Chairman Aleksandur Yordanov, started an official visit to China on November 29.

Yesterday the Bulgarian delegation held official talks with Mr. Zhu Liang, chairman of the Foreign Policy Committee with the Chinese National People's Congress (NPC). The meeting was also attended by leaders of the NPC Committees on Finance and Economy, Law, Education, Science, Culture, and Public Health, the parliamentary press office reported.

The sides stressed there are no open problems between the two countries and they share identical or close views on a number of international political, economic and other topical problems. The Bulgarian side expressed this country's view on Taiwan as an inseparable part of China. It also stressed its satisfaction with China's approach to and understanding for the democratic process in Bulgaria. Following a period of stagnation, the relations between the two countries are now revitalized on the basis of reciprocal benefit and respect. The Bulgarian side highly praised the role the Republic of China [as received] plays in the development of the situation in the Balkans and throughout the world. Bilateral relations have a stable footing for further headway. The Bulgarian guests expressed their expectations that China, in its capacity as permanent member of the UN Security Council, will help reach a reasonable solution to the problem of granting Bulgaria and the other affected countries compensation for the losses sustained as a result of the implementation of the UN sanctions against Serbia and Montenegro.

National Assembly Chairman Yordanov highlighted the policy of opening Bulgaria to the world. Bulgaria is particularly interested in China's experience in the area of reforms and transition to a market economy, he said.

The hosts stressed their understanding for the difficulties facing Bulgaria and the other Balkan countries. They assessed positively the stability characteristic of processes in Bulgaria and said it contributes to the promotion of peace in the Balkans.

After the official talks Mr. Yordanov and the MP's were received by the chairman of the NPC's Standing Committee, Mr. Qiao Shi.

The Chinese parliamentary leader said there are no fundamental differences between the two countries: Both of them want peace and stability in the world and aspire to develop their national economies and raise the living standards of their people. Today the RENMIN RIBAO daily quotes Mr. Qiao Shi as saying China is seeking to further advance its contacts with Bulgaria on the basis of peaceful co-existence.

During the talks, Mr. Yordanov expressed his appreciation for Beijing's stand in favour of peaceful settlement of the Balkan conflicts, as well as China's role in building security and stability in the Asia-Pacific region. Mr. Qiao Shi gave a formal dinner to the Bulgarian delegation.

Latin America & Caribbean

Jiang Zemin Receives Cuban Assembly President

OW0212074793 Beijing XINHUA in English 0734
GMT 2 Dec 93

[Text] Beijing, December 2 (XINHUA)—Chinese President Jiang Zemin met here today with Ricardo Alarcon de Quesada, president of the National Assembly of People's Power, the supreme law-making body in Cuba.

Alarcon arrived here on Tuesday [30 November] to begin his first ever visit to China.

Jiang expressed the conviction that the week-long visit will contribute to the furtherance of the friendly and cooperative ties between the two countries, the two law-making organs and the two peoples of China and Cuba.

Recalling his recent visit to Cuba, Jiang thanked the Cuban people and President Castro for according him warm reception.

He described the visit as having played a positive role in promoting cooperation between the two countries.

The exchange of visits by leaders of China and Cuba is useful in deepening mutual understanding, he added.

Jiang also briefed the visitor on China's on-going reform and opening drive.

Alarcon expressed admiration at China's fast-growing economy and expressed the hope that the friendly Cuba-China ties will continue to grow.

Present was Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress.

Uruguayan President Lacalle Arrives in Shanghai
OW0112145293 Beijing XINHUA in English 1352
GMT 1 Dec 93

[Text] Shanghai, December 1 (XINHUA)—President of Uruguay Luis Alberto Lacalle Herrera reviewed the development of Uruguay-China economic and trade ties and looked forward to their further expansion at a Sino-Uruguayan economic seminar here today.

The president arrived here this morning from the South China city of Guangzhou by a special plane in the company of Gao Zhanxiang, chairman of the Chinese Government reception committee and vice-minister of culture.

In the evening, Shanghai Vice-Mayor Sha Lin hosted a dinner in honor of the Uruguayan guests.

Lacalle and his party also visited an exhibition of Chinese culture relics and some sites of historical interest in Shanghai.

Political & Social

Shaanxi Peasants Storm Government Buildings

HK0212075093 Hong Kong CHENG MING in Chinese No 194, 1 Dec 93 pp 18

[“Reference News” by Tzu Chih [6327 0037]: “Peasants in Northern Shaanxi Storm Government Buildings”]

[Text] On the afternoon of 3 November, more than 2,500 peasants and village cadres from Yangxian, Chenggu, and Xixiang in Hanzhong Prefecture, Shaanxi Province, stormed the office buildings of the CPC committees in Yangxian, Chenggu, and Xixiang counties. On the morning of 4 November, some peasants again conflicted with public security personnel and armed policemen in Yangxian County. About noon, they broke the public security personnel and armed policemen’s line of defense and burned police cars with diesel fuel earmarked for agricultural use. The policemen fired warning shots. By 5 November, the situation had further deteriorated. Nearly 500 peasants had forced their way onto a train and were headed for Hanzhong Prefectural CPC Committee to protest. The train was stopped by the public security personnel and armed policemen at Shangpu Town near Hanzhong and was ordered to return. The public security personnel and armed policemen arrested over 60 peasants who were holding a demonstration by sitting on the railroad tracks.

Official: Report of Deng Touring Beijing ‘True’

HK0212104193 Hong Kong AFP in English 1028 GMT 2 Dec 93

[Text] Beijing, Dec 2 (AFP)—China’s paramount leader, Deng Xiaoping, toured Beijing one month ago, the government here confirmed, as news of his first foray out in public since January hit Beijing newsstands Thursday [2 December].

A Beijing foreign affairs official said a report on Deng’s tour by the Chinese-funded Hong Kong newspaper TA KUNG PAO, which quoted Vice Mayor Zhang Baifa, was correct.

“It’s true,” the official, Qiu Xiaoping, said when asked for confirmation. On Thursday, the mass circulation Press Digest [WENZHAI BAO] carried excerpts of the TA KUNG PAO report, the first chance for Chinese readers to find out about their frail and reclusive leader since he last appeared in public in January.

Zhang, the vice mayor, was quoted as saying that Deng, 89, was in good spirits and excellent health during his October 31 tour through the capital in a yellow minivan. Deng’s mind was also clear, Zhang said.

The trip, which took Deng along Beijing’s main thoroughfare and to the city’s international airport on a new toll road, lasted 75 minutes. The report said Deng had made similar tours in the past, with Zhang acting as guide. “Beijing has changed a lot,” Deng was quoted as saying. “I

don’t recognize it.” He did, however, recognize the Jing Guang Center, the tallest building in Beijing, the report said.

Other details of the tour, reported by the TA KUNG PAO, were left out in the Press Digest, including one in which he said U.S. and British opposition to Beijing’s bid to host the 2000 Olympic Games was “predictable,” adding that “What should concern us most is to be the best we can in our own affairs.” The state of Deng’s health is a source of great interest in China.

Many analysts predict a power struggle after his death, with the potential for massive social unrest. In an apparent bid to rule out that possibility, a nationwide campaign has been launched requiring all Chinese to study and “unify their thoughts” around Deng’s reform and opening policies.

Shanghai Mayor on Deng’s Selected Works

OW0212125293 Shanghai JIEFANG RIBAO in Chinese 8 Nov 93 pp 1, 2

[Article by Huang Ju, mayor of Shanghai (7806 5468): “Development Is an Essential Criterion (fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810)—Understanding Gained From Studying Volume 3 of the Selected Works of Deng Xiaoping”; a note at the end of the article states: “This article concerns what the author learned when he participated in the first theoretical study and discussion session organized by the Central Party School for principal leading cadres at the provincial and ministerial levels”]

[Text] Volume 3 of the *Selected Works of Deng Xiaoping* is a compilation of Comrade Deng Xiaoping’s major works and statements from the 12th national party congress in September 1982 to his inspection of southern China in the spring of 1992. The programmatic document is a theoretical summary of the rich experiences gained from our efforts to promote reform, opening up, and socialist modernization under Comrade Xiaoping’s leadership. Brimming with the distinct ethos of the times and the national spirit, and glittering with the magnificent radiance of Marxist truth, the document is a scientific guide which leads us continuously and victoriously forward.

Many chapters in Volume 3 of the *Selected Works of Deng Xiaoping* are about expositions on the issue of development, and the most famous thesis put forward is “development is an essential criterion.” The brilliant theories and viewpoints on development, put forward by Comrade Xiaoping in the past decade, help us gain this profound understanding: Comrade Xiaoping’s theory on development is an extremely important component of the theory of building socialism with Chinese characteristics, as well as the most brilliant theoretical creation produced from the Marxist view of development in the contemporary era. If Volume 2 of the *Selected Works of Deng Xiaoping* serves mainly to solve the issue concerning the switch of our party work’s focus from the key link of class struggle to the central task of economic construction, then it can be said

that Volume 3 provides the answers to major issues which determine the destiny of the party and state and socialism's future, such as those about seizing opportunities, accelerating development, and concentrating our energies on economic construction. The past decade saw our party leading people of all nationalities nationwide toward fully creating a new situation for reform, opening up, and socialist modernization. It was also a time when we constantly explored the path of building socialism with Chinese characteristics, accumulating experiences as we advanced along it. Based on brand-new practical experiences accumulated by the party and people, Comrade Xiaoping formed a scientific theoretical system on development, which includes "theories on opportunities for development, on the speed of development, on the motive power for development, and on coordinated development." The correct and comprehensive understanding of Comrade Xiaoping's theory on development has great practical and profound historical significance to the acceleration of the process of socialist modernization in our country.

1. To Correctly Understand Comrade Xiaoping's Theory on Development, We Must be Adept at Spotting, Treasuring, Seizing, and Utilizing Opportunities

The uniqueness of Comrade Xiaoping's development theory lies, first and foremost, in his theory on opportunities for development, which calls for being adept at seizing opportunities for development. We realize that Comrade Xiaoping always uses the prerequisite of "seizing opportunities" when he expounds on "acceleration of efforts to develop ourselves." He said emphatically: "We must use the opportunity to develop China." Because seizing opportunities is extremely significant to the acceleration of development, he repeatedly cautioned us: "I hope you will not lose this opportunity. China rarely comes across an opportunity for great development." At the same time, he also repeatedly stressed: "Now is a good time for us to seize our chance." This issue was profoundly expounded in the article entitled "International Situations and Economic Issues," in which Comrade Xiaoping pointed out: "There are many great contradictions in this world, and some of the deep-seated ones have only just been exposed. Contradictions which we can utilize, favorable factors, and opportunities exist. The question is how to be adept at using them." Comrade Xiaoping's suggestions about seizing opportunities and accelerating development are based on profound analyses of international and domestic situations. Judging from the international situation, the world is in a period when great turns and transitions are occurring, and peace and development are still the two major themes in the contemporary world. In particular, East Asia has a relatively stable political situation, its economic development stands out from others, and it is becoming a region where the world's most vigorous development is taking place. For the first time since New China was founded some 40 years ago, we are free of confrontation or tension with any neighboring country, creating an opportunity for us to take full advantage of the world's economic and political situation to speed up our own development. Domestically, with the development of

reform and opening up, our overall national strength has risen tremendously, a socialist market economic system is taking shape, and the national economy as a whole has entered a new phase of development. In other words, "quantitative" accumulation in the 1980's from China's efforts in promoting reform, opening up, and development laid a solid foundation for a new leap along these lines in the 1990's. Moreover, Comrade Xiaoping's theory on the opportunity of development also has the element of "unique opportunity." As he pointed out: "China is different from other countries in that it has a unique opportunity. For example, we have tens of millions of patriotic compatriots living overseas who have made contributions to the motherland in many ways." It is estimated that there are 50 million patriotic compatriots overseas. Their support and participation in the motherland's modernization drive have created an excellent opportunity for development. As the British magazine THE ECONOMIST points out: The Chinese living outside China have become a major, universally-acknowledged, global economic force. Generally speaking, an historical opportunity for tremendous development has clearly presented itself in front us; the key is to be good at seizing this opportunity.

In view of Shanghai's reality, we feel deeply that Comrade Xiaoping's theory on the opportunity of development has profoundly inspired us to emancipate our minds, broaden our vision, and enhance our sense of historical mission and the urgency of the times. Upon entering the 1990's, the CPC Central Committee made a series of major decisions on speeding up Shanghai's development: On 18 April 1990, it officially declared to the world the development and opening up of Shanghai's New Pudong Area; in September 1991, it announced the decision on implementing reform in state-owned large and medium-sized enterprises; in October 1992, the 14th CPC National Congress set forth the new task of "concentrating on the development and opening of the Pudong Area, and making Shanghai an international economic, financial, and trade center as soon as possible to bring about a new leap in economic development in the Chang Jiang river delta and the whole Chang Jiang river basin." All these central decisions have, without question, created a golden opportunity for Shanghai, which had long played "rear guard" in the nationwide drive of reform and opening up. At the same time, we must be soberly aware that the run-up to the next century is a crucial period in which nations and regions all over the globe are working overtime in an economic race for the initiative in competition and development, a race in which those who lag behind will be eliminated from the final round. Seizing this precious opportunity is essential for Shanghai to accelerate its development and accomplish its goal of "catching up from behind." "Don't let an opportunity slip; it may never come again." Because we kept a tight grip on this opportunity—an opportunity with the development and opening up of Pudong at its core—for tremendous development and stood at the forefront of China's reform and opening up, we were able to push Shanghai's economy and work in all areas to a new level.

2. To Correctly Understand Comrade Xiaoping's Theory on Development, We Must Speed Up Our Development "With Speed, in Stages, and Under Conditions"

On the question of development speed, as early as 1978, Comrade Xiaoping raised this grim question: "If, over a long historical period, the development of productive forces in socialist countries is slower than that of capitalist countries, how can we begin to speak about superiority?" Again in 1990, he said: "Whether or not China will be able to withstand the pressure of hegemonism and power politics and stick to its socialist system lies in its ability to achieve faster growth and accomplish its development strategy." The "most essential factor" here is "the speed of economic development." For Comrade Xiaoping, low speed means a lack of development that could spell the end of socialism. Whether or not we can achieve a high growth rate is "a major economic as well as political issue." Meanwhile, Comrade Xiaoping's expositions on the speed of development are quite comprehensive. He said: "Certainly, I do not mean to advocate an unrealistically high growth rate. Rather, we should do down-to-earth work, pay attention to solid results, and carry out steady and coordinated development." We should understand that this high-growth rate under certain conditions is by no means growth at a snail's pace, nor is it lopsided, mindless pursuit of unrealistic high growth rates. Rather, it is a maximum possible growth rate based on better product quality, an optimized structure, and improved economic efficiency. As Comrade Xiaoping pointed out: "If development is possible, we should not block the way. Localities with conditions should develop as quickly as they can. As long as attention is paid to economic efficiency and product quality, and as long as the economy is export-oriented, we need not be worried about anything." Fundamentally, this maximum possible growth rate lies in this precept: "The superiority of socialism should, in the final analysis, be reflected in the fact that productive forces under socialism develop faster and higher than under capitalism." Moreover, Comrade Xiaoping's theory on development also contains the idea of development in stages, or in his own words, "raising the economy to a new level every few years." He said: "We must strive to upgrade the economy to a new level every few years," that is, "in promoting development, we must always seize the opportunity to speed up development at a certain stage." According to Comrade Xiaoping, we must prevent drastic fluctuations and, more importantly, seize the opportunity to speed up development. We must by no means let an opportunity for rapid development slip by, thereby incurring much greater losses. As Comrade Xiaoping pointed out: "At present, our country has the necessary domestic conditions and is also facing a favorable international environment. Added to this is the advantage of the socialist system, which enables us to concentrate our strength on key projects; it is necessary and also possible for us to bring about a number of high-speed and high-efficiency growth stages in the future process of modernization. We should have such lofty aspirations!" In short, Comrade Xiaoping's theory on the speed of development is made up by the following three elements that form a dialectical unity: Specific speed of

development, specific development conditions, and specific development stages. This theory on the development speed is a major component of his theory on development in general.

Comrade Xiaoping cares very much about Shanghai's development. Over the years he has made insightful expositions and important instructions on speeding up Shanghai's development. In March 1990, before the decision on Pudong was announced, he said in a meeting with several central leaders: "We must develop at an appropriate speed. We must not allow ourselves to be occupied with everyday business. Rather, we should analyze things from a broad strategic perspective and come up with specific measures. We must seize every opportunity and make policy decisions in timely fashion. We should do a study on where conditions are ripe for expanding our resources. Shanghai may be considered for such a huge undertaking. Shanghai is an ace of ours. Developing Shanghai would be a shortcut." In early 1991 during the initial stages of the development of Pudong, he encouraged us with these remarks: "Shanghai has started late in development. You must redouble your efforts." The development of Pudong is a matter which concerns "not only the development of Pudong but also that of Shanghai; it is a matter of developing the Chang Jiang delta area and the entire Chang Jiang valley with Shanghai as the base." Shanghai must "pay close attention to the development of Pudong without wavering." He also pointed out: "Shanghai used to be a financial center, a place where currencies were converted freely. This is how it should be in the future. Shanghai is the place we have to rely on first and foremost if China is to regain its status in the international financial community." In the spring of 1992, Comrade Xiaoping pointed out in a conversation with Shanghai leaders: "Public feelings in Shanghai are rather harmonious. This represents boundless strength. At present, it is entirely possible for Shanghai to develop faster." Shanghai should be bolder in implementing reform and opening up, "once you think something is worth the effort, boldly try it and blaze a trail." "I believe there will be changes in Shanghai in a year and major changes in three years. I believe Pudong will be a late comer that surpasses the old-timers." At the 1993 Spring Festival get-together in Shanghai, Comrade Xiaoping again spoke of "seizing the opportunity to speed up development," saying: "In 1992 people in Shanghai accomplished what other people could not do. You should work hard for another year in 1993 so that you can ride the wind, cleave the waves, take firm steps, surmount difficulties, and reach a higher level." These far-sighted comments by Comrade Xiaoping clearly define Shanghai's strategic position in China's reform, opening up, and economic development. They point out the direction this super large Chinese city should take in its development and fully reflect the ardent hopes revolutionaries of the older generation place on the people of Shanghai. As we study these teachings again, we feel their warmth and the heavy historical responsibilities on our shoulders even more.

The municipal party committee and government are of the opinion that to speed up development and realize the

strategic objective of "developing Pudong and making Shanghai an international economic, financial, and trade center," the most fundamental thing is to earnestly implement Comrade Xiaoping's important guidelines concerning accelerating Shanghai's development. And, in light of the demand to "bring about normal changes every year and major changes in three years," to emancipate our minds; seek truth from facts; foster the spirit of "bravely blazing new trails" and "bravely forging ahead"; and make relentless efforts to ascertain the correct position we should take, change the operating mechanisms, and explore various avenues. First, to speed up development, we must establish the ideology of being involved "in a game of chess," and determine the right position to move "in the same game of chess." In our opinion, as far as a locality is concerned, so-called speeding up development means that under the premise of "three unifications," namely "unifying actions under the leadership of the party Central Committee, unifying control over the macroeconomic system, and unifying the market nationwide," we must seize historic opportunities to carry out major developments; and means we must achieve sustained, speedy, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] on the basis of "deepening reform, changing operating mechanisms, readjusting the structure, and enhancing efficiency." As the largest economic metropolis in the country, Shanghai must not only step up its own development, but must also consciously break the narrow-minded regionalism formed under the planned economic system over a long period, with a view to achieving the goal of "common prosperity and common wealth." We must strive to properly "develop the Chang Jiang area," "produce China-made products," and "enter the world market"; and, vigorously develop the "five main streams," namely commodities, capital, technology, qualified personnel, and information. We must take the initiative to cater to the economic development of the Chang Jiang valley or even of the entire nation, and advance hand-in-hand toward the international market and together meet the new challenges of the 21st century. Second, to speed up development, we must accelerate the transformation of the operating mechanism of our economy. As far as Shanghai is concerned, apart from continuously paying due attention to the microbasis for remolding the market economy, and doing a good job in changing our enterprises' operating mechanisms as the central link, we must also—in accordance with the overall objective of giving priority to establishing a new system of a socialist market economy—make great efforts to push forward the process of converting our key economic elements and activities into commodities and money; and expedite the process of linking with the international market in the fields of finance, trade, industry, and management in an all-around way. Third, to speed up development, we must correlate with local realities and actively explore new avenues. In recent years, proceeding from the status, functions and conditions of development in Shanghai, we have gradually explored a new path for speeding up its development. In respect to strategically readjusting our industrial structure, we have

implemented the policy of developing the "tertiary, secondary, and primary" industries; regarding the key strategy for economic development, we have actively nurtured three new areas of growth in "the tertiary industry, urban infrastructural construction, and the new, high technological industry"; and in maintaining a comprehensive balance, we have struck a balance in three main aspects, namely in "active balance, dynamic balance, and internal and external balance." We have made full use of the "resources of two categories of market and two types of funds." The establishment and implementation of this whole series of new ideas and measures are playing an increasingly big role in helping Shanghai fulfill its functions as a metropolis.

The major achievements in economic construction made by Shanghai in the past few years are the result of our efforts in carrying out development "with speed, under specific conditions, and stage by stage" in accordance with Comrade Xiaoping's ideology. Now we can see that we have realized the first round of effecting "major changes in three years" in Shanghai. The principal signs are: Our national economy has entered a new phase of rapid growth. Our average growth rate in the last three years almost doubled that of the 1980's. As for local financial revenue, we have moved from stopping it from sliding, to a growth rate that exceeds that of gross national product. Pudong's development has given rise to a new situation where basic and functional development are proceeding simultaneously. With its area of development reaching 11 square km, Pudong New Area has entered a new take-off stage. Urban infrastructural construction has advanced on a large scale, and investment injected over the past three years is equal to the sum total of the entire 1980's, with successive completion of a number of major projects including the Nanpu Bridge, the Yangpu Bridge, and the Yanggao Road. The structure of a large modern market has basically taken shape, while key elements in the money market, futures market, and realty market are showing signs of accelerated growth. Utilization of foreign capital has surged to new heights, with last year's total exceeding the aggregate of the past 12 years. The trend of development continues to be favorable this year, and the amount of foreign capital is expected to more or less double the growth of last year. Presently, we are making efforts to achieve the objective of affecting another round of "major changes in three years" by 1995. Thus, with a definite goal for stage-by-stage development and the accumulative effect of advancing step by step, Shanghai may possibly fulfill Comrade Xiaoping's expectations of "surpassing others from behind."

3. To Correctly Grasp Comrade Xiaoping's Development Theory, We Must Unswervingly Push Forward the Reform and Opening Up Policy

The ultimate decisive role of productive forces in social development lies in the basic principle of historical materialism. Comrade Xiaoping pointed out: "The primary role of socialism is to develop productive forces," and the "superiority of socialism must be manifested in the improved development of productive forces." Apparently,

he regards the development of productive forces as the most fundamental factor in the overall development of socialism. On the basis of seriously summing up both positive and negative experiences in our socialist modernization drive over the past 40 years or so, Comrade Deng Xiaoping—standing from a high plane in history and in the world, and in light of the planned economic system which seriously hampered the development of the productive forces in our country and the current situation brought about by our “closed-door” stance over a long period—put forward the well-known thesis that revolution signifies a liberation of productive forces, and so does reform and opening up to the outside world. Moreover, he clearly pointed out: “Reform and opening up to the outside world must penetrate our country’s entire process of development.” Then it will scientifically have answered the question as to what motivating force our country should rely on to develop the productive forces under realistic conditions. Hence, Comrade Xiaoping’s theory of development is also founded on the basis of his theory of treating productive forces as a motivating force. Not only that, Comrade Xiaoping also regards reform and opening up to the outside world as “China’s second revolution.” He places the importance of reform and opening up on a new political height which is an embodiment of something that concerns the life and death of the party and state, and that concerns the superiority of the socialist system. For this very reason, Comrade Xiaoping has warned us repeatedly: “Persisting in implementing the reform and opening up policy is a stroke that decides China’s destiny.” We must never give up reform and opening up to the outside world, and “if we abandon the reform and opening up policy, it will be tantamount to abandoning our fundamental development strategy.”

We do not and will not have a ready-made model for us to imitate in building Shanghai into the “leading city” and making it an international economic, financial, and trade center. The fundamental way to achieve this goal is to earnestly understand and grasp Comrade Xiaoping’s theory of development forces; and to firmly accelerate reform and opening up in line with the requirements of “maintaining Shanghai’s special traits as well as the characteristics of China and the distinctive features of the times.” First, we must carry forward the spirit of “daring to be a pioneer,” explore boldly, and make efforts to take the lead in reform and opening up. We should especially score a new breakthrough in overcoming some major problems. Following Comrade Xiaoping’s instruction: “We must conquer our fear and be courageous, and should always be people who take the first move to blaze a trail,” we have in recent years firmly and comprehensively carried out reform and opening up strategies of taking the lead in building a new socialist market economic structure, centering around Pudong’s all-directional opening. For example, we set up China’s first stock exchange, first shareholding company that issues B-stocks, first securities company that deals with stock business, first old-age insurance scheme, first regional committee for management of state-owned assets, and first joint-stock enterprises handling securities, retailing, real estate, scientific

and technological research, and foreign trade and export sectors. These new measures of reform and opening up forcibly accelerated the development of Shanghai’s economic construction and other undertakings, and helped us continuously accumulate new experiences. Second, to firmly accelerate reform and opening up, we must remove interference and never backtrack. Reform and opening up is a profound social change which is not likely to proceed smoothly in every way. At the same time, in the course of accelerating reform and opening up, we will definitely encounter new situations, problems, and contradictions. It is a severe test whether we will persevere in our course of reform and opening up or backtrack. We can say that over the past several years we have withstood this test every year. Last year, Shanghai made relatively good progress in commodity price reform, the shareholding system experiment, land leasing, developing stock and real estate markets, and implementation of “two-tiered government and two-tiered management.” However, we encountered a series of new contradictions and pressures from all sides. However, instead of being cowed and backtracking, we used the “three causes” [developing the productive forces of socialist society; increasing the overall strength of socialist society; and improving the people’s living standard] as criteria for our judgment; unified our thoughts; summarized experiences from our practice in a timely manner; followed the guiding principle—“give whole-hearted support, be calm and cool-headed, acquire a clear idea about the situation, and provide guidance according to the nature of different projects”; and firmly carried out reform and opening up. This year, the central authorities began to strengthen macroeconomic control and regulation. In the beginning, doubts clouded some comrades’ minds. They were worried that macroeconomic control measures would affect reform and opening up. In light of this, based on the central authorities’ unified plan and proceeding from Shanghai’s actual situation, we promptly put forward the principle of “seizing the opportunity to deepen reform, adjust the structure, and increase efficiency.” On the basis of firmly implementing the central authorities’ macroeconomic control measures and giving more effective guidance according to the nature of different projects, we gave priority to reforming local government’s financial management; to establishing and perfecting intermediate economic control measures that match central authorities’ macroeconomic control measures; to adjusting the structure; and to increasing efficiency. At present, economic levers such as investment, finance, prices, land, banking, and securities are playing a more and more important role in economic control. Third, to firmly accelerate reform and opening up, we must attach importance to guiding, protecting, and giving free rein to the broad masses’ initiative. Reform and opening up is where the people’s interests lies and is a common cause of millions of people. Whenever we are formulating any reform and opening up measure, we must take into account whether the people will embrace and support it, and whether the people are happy about it. Practice has proved that without the broad masses’ fervent support and active participation, no reform and opening up measures can continue. Therefore, we must follow the mass line

when we draw up major reform and opening up measures. Over the past years, we maintained and carried on the good traditions of former municipal party committees and municipal governments by keeping people informed of our major decisions so that we can have their understanding, support, and involvement. Our major decisions on social security system reform, housing reform, and municipal transportation construction were all implemented on the basis of carrying out in-depth, city-wide discussion, and so these decisions fully reflected the collective wisdom and basic wishes of the broad masses. It was precisely because of this Shanghai's major policies were carried out smoothly and we accomplished the expected goals. While we are accelerating reform and opening up, we must concern ourselves with the people's immediate interests. Basically speaking, reform and opening up coincide with the people's interests. However, the implementation of a certain policy in different areas and times will upset the balance of interests among different social members. This is hardly avoidable and needs our special attention. During recent years, we especially concerned ourselves with people in different social sectors whose immediate interests were affected by the major changes of reform and opening up. We not only provided them with correct ideological guidance but also tangible assistance to help them solve some practical problems. For example, in view of some people's special living problems, we vigorously mobilized people from all circles of society to contribute their concern and help. This year, we carried out our social security measures including setting the minimum wage level for employed workers and setting minimum living standards for rural residents. Practice has proved that only when we guide, protect, and give free rein to the broad masses' initiative, can our reform and opening up undertakings proceed smoothly.

4. To Correctly Master Comrade Xiaoping's Development Theory, We Must Insist on Firmly Attending to Both Material Progress and Cultural and Ideological Progress

The development of modern society is a dynamic systems engineering project. The in-depth development of reform and opening up, and especially the establishment of goals for the socialist market economy and its vigorous development, will not only cause profound changes in the people's living style and way of thinking, but will also give rise to a readjustment of various interests. Under these circumstances, proper coordination of relations between various aspects of economic and social development has become an important issue bound to be encountered by any development theory. Proceeding from the high level of expediting social progress in all fields, Comrade Xiaoping has attached great importance to coordination in various aspects of economic and social development. "Being firm in attending to both material progress and cultural and ideological progress" has been his thinking all along. Comrade Xiaoping has many expositions in this regard, where he emphasizes building spiritual civilization while embarking on construction of material civilization; and intensifying legislation and administrative honesty, and firmly punishing corruption and cracking down on crime.

while promoting reform and opening up. Comrade Xiaoping pointed out as early as 1983: "We should now pay special attention to the construction of material civilization. Meanwhile, we should also build socialist spiritual civilization. The most basic requirement is to help the masses become ethical and educated people with communist ideals and a sense of discipline." When he inspected southern China last year, he emphatically pointed out: "We should persist in carrying out reform and opening up on the one hand and cracking down on all crimes on the other, and we must be firm in both respects." While emphasizing the need to firmly push forward reform and opening up in order to develop productive forces, Comrade Xiaoping has repeatedly admonished us: "After we have opened up, certain corrupt things will tend to appear"; this being the case, he said we must: "Pay attention to firmly suppressing them and cracking down on them, and never allow them to spread unchecked." "Socialism with Chinese characteristics" is one in which both material and spiritual civilizations are successfully built. The "theory on coordinated development" with emphasis on building two civilizations at the same time has become a component of his development theory at a higher level. An essential requirement for demonstrating the superiority of the socialist system, this theory on coordinated development is also where the uniqueness of the theory on building socialism with Chinese characteristics lays.

The municipal party committee and municipal government's persistence in "being firm in fostering both material progress, and cultural and ideological progress" is a key factor enabling the city to maintain its social and political stability; and to improve its social atmosphere while deepening reform, opening wider to the outside world, and accelerating its economic development. Practically speaking, we must have the "means" to strengthen building spiritual civilization. In each of the past few years, we have been using one or two major events of common interest as a "means" to strengthen building spiritual civilization. The results of these activities, carried out in a planned and selective manner, have been encouraging. For instance, in 1991 when serious floods—some of the worst this century—hit the Chang Jiang delta, we used the main Taipu River construction project as a means to praise and promote the "Longjiang" style in the 1990's. Moreover, during the first half of this year, we focused on making the sponsorship of the East Asian Games a success and using this success to enhance the level of sports and improve our sports facilities, urban construction, and management. This has improved Shanghai's social order and heightened the people's awareness. During the second half of the year, a number of municipal projects represented by the Yangpu Bridge were triumphantly completed, and we took advantage of the opportunity to widely unfold activities on spiritual civilization by publicizing our successful municipal construction and the builders' dedication. These activities greatly aroused the socialist enthusiasm of the people of Shanghai to play their role in "revitalizing Shanghai and developing Pudong." Second, legislative construction must precede the building of spiritual civilization. In

recent years, in response to Comrade Jiang Zemin's demand: "Shanghai must lead others in legislative construction," we have continuously expanded and strengthened our law enforcement contingent. We have expedited legislation and drawn up a string of laws, regulations, and rules conducive to building spiritual civilization and the establishment of a modern macromarket. This has ensured smooth reform, opening up, and economic construction.

Third, to strengthen the building of spiritual civilization, it is necessary to pay special attention to building a material foundation. To make Shanghai's science and technology, education, culture, public health, sports, and other social undertakings compatible with the goal of making Shanghai a first-rate international metropolis, we have amplified its overall social development plan, which centers on building spiritual civilization; increased investment in social undertaking in local budgets; and initiated "10 major spiritual civilization projects." Fourth, to strengthen the building of spiritual civilization, it is necessary to sternly crack down on all kinds of criminal activities and wipe out social evils. In recent years, we have adopted a comprehensive approach to improving social order and carried out special drives to tackle prominent issues threatening public order. This has scored good results. Currently, the number of criminal cases occurring in Shanghai is under control and the number of serious violent crimes has declined; the number of cases placed on file for investigation and prosecution has been cut down and the percentage of cases solved has increased; the spread of social evils is being curbed; and the people have a stronger sense of participation in improving social order and a strong sense of security. Facts have shown that if we foster both material and spiritual civilization, attaching equal importance to both, we will definitely succeed in both areas, and realize coordinated economic and social development; and we will create a better social environment for reform, opening up, and economic construction.

Comrade Xiaoping's theory on development originates from practice, and yet it goes beyond practice. "Development is a solid thing." Comrade Xiaoping, who as general architect of China's reform, opening up, and modernization, and founder of the theory of building socialism with Chinese characteristics—Marxism in contemporary China—made this theoretical conclusion on the basis of a general summing up of the historical experience and lessons in China's socialist revolution and construction over the last 40 years and more; and on the basis of his penetrating analysis and mastering of the international and domestic situation, and the characteristics of the times. The presentation of this development theory not only scientifically answers the major issues of development, such as the reasons for accelerating development, the speed of development, and the way to accelerate development, but it has also scientifically answered, from a higher ground, the question of how to achieve overall social progress while accelerating development. Practice has shown and will continue to show: As long as we uphold the theory of building socialism with Chinese characteristics as our guide; work under the leadership of the CPC Central Committee, with Comrade Jiang Zemin at the core; have

the vigorous support of the various central departments and commissions, and people in all parts of the country; and correctly understand and comprehensively carry out Comrade Xiaoping's development theory, we will definitely be able to accelerate the pace of Shanghai's revitalization; build Shanghai into an international economic, financial, and trade center; and make new contribution to China's reform, opening up, and socialist modernization.

Deng Inscribes Revolutionary Base History Book Title

OW0212094193 Shanghai WEN HUI BAO in Chinese
30 Oct 93 p 3

[Text] Beijing, 29 Oct (WEN HUI BAO)—*A History of Education in Chinese Revolutionary Base Areas*, a treatise which will fill a gap in China's education history, was recently published by the Education Science Publishing House. Comrade Deng Xiaoping inscribed the book's title.

The publication of the book was listed as a key education research project in the state's Seventh Five-Year Plan. The book, totaling 1 million Chinese characters, is divided into three volumes: "The Land Revolution," "The War of Resistance Against Japanese Aggression," and "The Liberation War." Its rich historic data provide a wealth of knowledge for future generations to study China's education history.

Picture of Deng's Southern Tour Wins Competition

OW2811130593 Beijing XINHUA in English 1233
GMT 28 Nov 93

[Text] Nanjing, November 28 (XINHUA)—A picture titled "Spring of China", portraying Deng Xiaoping's southern China inspection tour, has won the first prize at the Fifth National New- Year Picture Show, which closed here today.

Sixty-one others also won prizes.

On show were 263 pictures selected from among the nearly 400 new- year pictures from authors and publishers throughout the country.

New-year pictures get the name from the fact that they are widely used by Chinese families, especially farmers, to celebrate the new year. Its annual sales now exceed 800 million [not further specified], according to sources at the show.

Besides fair figures and deities as protections from evils, and children—the traditional themes for new-year pictures, the sources said, sports, sciences, nature and pastoral scenery are getting more representations.

Many pictures have shown a tendency to combine the methods of Western oil painting with that of traditional Chinese wood block prints, the sources added.

The show was jointly sponsored by the Ministry of Culture, the Press and Publication Administration of China, the Chinese Artists' Association and the Chinese Publishers Association.

The first show was held in 1950 in Beijing and the last one in northeastern Liaoning Province four years ago.

Beijing TV Airs 'News Feature' on Jiang Zemin

OW0212133393

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1100 GMT on 1 December, in its regular "National News Hookup" program, broadcasts a 3-minute "Special News Feature" with video, entitled "Party in the Air." According to the caption on screen, the feature is prepared by reporters Gao Jun (7559 6511) Zhou Jianguo (0719 1696 0948), Zhuang Dianjun (8396 3013 0689) and Wang Jing (3769 2533) aboard the special plane carrying President Jiang Zemin on his trip abroad.

Video opens with a medium shot of several flight attendants standing and singing in chorus in front of passengers in an airplane, cutting to show a close shot of Jiang Zemin, attired in light-colored jacket and applauding when the chorus ends. It then shows a woman in a red coat standing in the aisle behind Jiang's seat, speaking through a microphone: "Dear viewers, we are now in the air 10,000 meters above Europe. It is my great pleasure to host a special party." As the host finishes talking, the video shows another close-up shot of Jiang Zemin introducing, through an in-flight intercom, a Xinjiang Uygur folksong he is going to sing and asking "[Qian] Qichen, would you like to sing together with me?" After the video shows a medium shot of Qian Qichen, dressed in a cardigan, scratching his head and gesturing his reluctance, Jiang Zemin goes on to sing solo.

While the video shows close-up shots of Jiang singing, the caption on screen reads: "It is now 0030 Portuguese time and 0730 Beijing time; Portugal is fast asleep while Beijing is quietly waking up. Laden with the friendship aboard the plane back home, President Jiang Zemin and his entourage, who have just concluded a four-nation visit to the United States, Cuba, Brazil, and Portugal, are trying to recover from fatigue accumulated during the 10-odd day journey by singing and laughing together."

As Jiang finishes singing, he is warmly applauded by fellow passengers. The video cuts to show a close shot of Qian Qichen holding the intercom and saying "I am going to tell a joke: A cadre once went to the countryside to give a speech, not knowing...." While the video shows Qian talking, the host is heard saying: "Vice Premier Qian Qichen's sense of humor has resulted in a burst of laughter in the passenger compartment." After the video shows shots of an unidentified male singing Beijing opera and another telling a joke, all passengers on board are seen singing in chorus a song extolling the motherland. As the video pans the compartment, the host is heard saying: "This is an unforgettable, sleepless night. As Vice Foreign

Minister Liu Huaiqiu puts it, the world's happiest group of people has congregated in the compartment."

Video ends with a pan shot of all aboard the aircraft applauding.

Hu Jintao Discusses Strengthening Party Building

*OW0112151493 Beijing XINHUA in English 1453
GMT 1 Dec 93*

[Text] Beijing, December 1 (XINHUA)—Hu Jintao, one of the top leaders of the Communist Party of China (CPC), has called on CPC committees at all levels to keep the overall situation in mind and work hard to firmly guarantee the expansion of China's reforms.

In a speech on Tuesday [30 November] at the graduation ceremony of the 15th in-service training class of leading members at provincial and ministerial level, Hu stressed that the country's reform of its economic structure has entered a new stage during which the reform is carried on in an all-round way, with priority being given to some aspects in order to make breakthroughs.

Hu Jintao, a member of the Standing Committee of the CPC Political Bureau and the Secretariat of the CPC Central Committee, and president of the party school of the CPC Central Committee, elaborated on the importance of studying the theory about building socialism with Chinese characteristics.

He also stressed the following three points in strengthening and improving party-building:

First, it is necessary to strengthen the building of the leading bodies to raise their ability to control the socialist market economy.

Second, it is imperative to fight seriously against corruption, in line with the arrangements of the CPC Central Committee.

Third, it is important to pay great attention to and strengthen the building of the grassroots party organizations to make them more vigorous and with stronger fighting capacity.

Ren Jianxin Addresses National Mediation Conference

OW0212180393 Beijing XINHUA Domestic Service in Chinese 1016 GMT 7 Nov 93

[By RENMIN RIBAO reporter Mao Lei (3029 4320) and XINHUA reporter Zhou Lixian (0719 4539 2009)]

[Text] At today's closing session of the third national conference on people's mediation efforts, Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the CPC Central Committee's Political and Legal Commission, said emphatically: People's mediation efforts have an impact on the well-being of hundreds of millions of people; social peace; the development of socialist democracy and legal institutions; and smooth

progress in reform, opening up, and economic construction. They are extraordinary and highly honorable endeavors. He expressed hopes that all sectors of society would show care and support for such efforts, and that people's courts at the grass-roots level and judicial administrative departments in all localities would work closely together to improve guidance and turn such efforts into a more solid and effective "first line of defense."

Ren Jianxin stated: People's mediation efforts are a legal mechanism with Chinese characteristics, which is closely related to the country's political, economic, and social activities. Along with the ever-deepening drive for reform and opening up and robust economic development, judicial administrative work has developed swiftly, bringing about an excellent situation and ushering in a new development stage in people's mediation efforts. Such mediation efforts are a good way for the people to educate, govern, and restrain themselves. By settling their own disputes in accordance with the law, and by defusing a host of conflicts at the grass-roots level and nipping them in the bud, the people can help curtail crimes substantially; enhance unity among themselves; serve as the "first line of defense" in comprehensively improving social order; and effectively guarantee reform, opening up, and economic construction.

Ren Jianxin said: The vast numbers of mediators have scrupulously implemented the working principle of "stressing preventive efforts while combining mediation with prevention." They have focused on preventing an escalation in civil disputes; displayed the spirit of serving the people wholeheartedly; and worked diligently, selflessly, and painstakingly in the face of hardships and dangers in doing plenty of exhortative, persuasive, and educational work to deal with the disputing parties. They have thus mediated a large number of civil disputes; exercised people's mediation functions; and made important contributions to enhancing unity among the people, safeguarding social stability, strengthening socialist democracy and legal institutions, and ensuring smooth economic development.

Chen Pixian, honorary president of the All-China Association of People's Mediators, also spoke at the meeting. He expressed hopes that judicial administrative organs would continue to redouble people's mediation efforts, widely popularize and apply successful mediation experiences, establish more well-organized people's mediation bodies, and expedite the process of drawing up regulations governing people's mediation efforts.

At today's meeting, the Justice Ministry conferred the title "Model People's Mediation Committee" on 155 grass-roots units, including the Henan Village People's Mediation Committee in Shunyi County, Beijing Municipality, and the Xinjiang Petroleum Administration's Water Supply Administrative Section People's Mediation Committee. It also conferred the title "Model People's Mediator" on 234 mediators, including mediator Yu Peinian from the Majia Village People's Mediation Committee in Leping County, Guangxi Autonomous Region, and chief mediator Tan Zhuqing from the East Neighborhood Committee in Erdaohezi District in Changchun City, Jilin

Province. On behalf of the party Central Committee and the State Council, Ren Jianxin congratulated the model mediation organizations and personnel commended at the meeting.

Zhang Siqing, procurator general of the Supreme People's Procuratorate; Liu Fuzhi, honorary president of the All-China Association of People's Mediators; and responsible persons from relevant departments attended today's meeting.

Security Minister at Ceremony for Hubei Department

HK0112093793 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 30 Nov 93

[Text] The Hubei Provincial Department of State Security was established in Wuhan yesterday. State Security Minister Jia Chunwang and Provincial Party Secretary Guan Guangfu unveiled the nameboard of the Hubei Provincial Department of State Security. Vice Governor Li Daqiang, member of the provincial party committee's standing committee, presided over the inauguration meeting. The provincial people's government appointed Comrade (Deng Tianfan) and others as people in charge of the security department.

Provincial party Deputy Secretary Hui Liangyu spoke on behalf of the provincial party committee and government. He demanded that the security department—with the spirit of being fully responsible to the party and the people, and of putting all jobs on the starting line of high standards and high quality—should make efforts to train a contingent of cadres which is firm in politics and has high cultural quality, strong professionalism, strict discipline, and a perfect cultivation of style. In the meantime, it should pay close attention to building the vocation and modernizing equipment so that state security work will display a greater role.

State Security Minister Jia Chunwang addressed the meeting, demanding that security organs strengthen their contingents, persist in exercising strict management over policemen, ensure the purity of the state security contingent, and form a contingent of state security cadres which is absolutely loyal to the party, keen-witted and capable, and adept in professional work.

Leading comrades from the provincial party committee, the provincial advisory commission, the provincial people's congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Chen Ming, Ding Fengying, Zheng Yunfei, (Liu Rongli), Xie Peidong, and Meng Meilu, as well as Li Qifan, president of the provincial higher people's court, and Zhong Shuqin, chief procurator of the provincial people's procuratorate, attended the inauguration meeting.

Tian Jiyun Interviewed on Hainan Development

HK3011095393 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 25 Nov 93

[Interview with Tian Jiyun, member of the CPC Central Committee Political Bureau and vice chairman of the National People's Congress Standing Committee, by reporter Li Xiaoqin in Haikou on 24 November—recorded]

[Text] Shortly after central and provincial leading members visited the 1993 Economic Cooperation Fair, this station's reporter Li Xiaoqin interviewed Tian Jiyun, member of the Political Bureau and concurrently vice chairman of the National People's Congress Standing Committee. The recording is as follows:

[Begin recording] [Li] Vice Chairman, I am a reporter from Hainan Provincial People's Radio Network. I assume that this is not the first time you have been in Hainan, and you have been here on many occasions. Do you not think that every time you are here, you find some changes on the island?

[Tian] It is true. There really are great changes here.

[Li] Hainan is a province at the southernmost tip of China. What outstanding impressions has Hainan's economic construction left on you?

[Tian] I think Hainan's economy has developed very rapidly in recent years, with very great improvements in its investment climate. Viewing the current fair in Haikou, there is an abundant supply of commodities, with a great improvement in their quality, too. Quite a few countries are eager to participate in the fair. I believe a new transactions record will be set through talks.

[Li] Vice Chairman, what is your opinion on Hainan's further development?

[Tian] I am very optimistic about it.

[Li] Thank you. [end recording]

'Feature': Art, Culture Expand in Guangzhou

OW0212050193 Beijing XINHUA in English 0209 GMT 2 Dec 93

[("Feature": "Guangzhou, New Center of Art and Culture)]

[Text] Guangzhou, December 2 (XINHUA)—If Guangzhou in south China's Guangdong Province is mentioned, you are likely to think of its rapid economic development.

But if cultural and artistic attractions in China are talked of, you are likely to think of Beijing and Shanghai, not Guangzhou.

It would be wrong for you to have the idea.

The city of Guangzhou attracted large numbers of visitors to its recent cultural events.

The nation's first conductors' contest and first art exhibition fair were held in the city last month, as was the second National Film Festival.

Chen Changben, China's deputy minister of culture, feels that the city has this season become an artistic attraction in China.

The art exhibition fair collected more than 3,000 Chinese paintings and examples of calligraphy, oil paintings, sculptures and folk art from about 100 art academies, publishing houses and picture galleries.

The fair, "a huge art market" in the words of Wu Gung-zhong, a famous Chinese painter, attracted artists and businessmen from inside and outside China.

Deals on exhibits were made at the fair, which for the previous four decades had been prohibited in the country.

Famous artists and singers from Beijing, Hong Kong and other major cities have come to the city with their best work.

Classical Chinese music goes hand in hand with foreign pop music. Western symphonies are played, and Chinese folk songs are presented.

The best domestic films are shown, and masterpieces from overseas are also screened.

"In all my life I've never before been to so many concerts and seen so many good films," said a 42-year-old middle school teacher.

Classical music has begun to win favor with Guangzhou residents following pop music.

"There are many classical music lovers in Guangzhou," said Li Delun, the chief conductor of the Central Philharmonic Society. "The city's rapid economic development will promote its culture," he added.

The Guangzhou Concert Hall is now being built at Li and other artists' suggestion.

Flower exhibitions are held every year in the city. The 1993 flower exhibition invited famous overseas orchestras and they performed during the event.

The Guangzhou Symphony Orchestra, the host of the conductors' contest, has contributed to the development of the city's classical music.

The orchestra, funded by some enterprises in the province, hosts concerts regularly. It has invited famous conductors from Britain, Germany, Australia and Hong Kong to conduct the concerts.

The orchestra has become a symphonic power-house following Beijing and Shanghai, said top conductors in the country.

Zheng Xiaoying, a woman well-known as one of China's top conductors, will get an annual fund of 60,000 yuan for her "Beijing Woman Music-Lovers' Orchestra" from an enterprise in Guangdong Province.

Some enterprises will also pay for the first and second prize winners of the conductors' contest to take part in an international contest.

The city should spare no effort to promote its culture, said Chen Zhongqiu, an official of the province's Cultural Bureau.

According to the official, the city will soon host a national book fair and a poem and prose contest.

The top provincial official said, "artists should produce more high-grade cultural products to meet the increasing demand of people."

Guangzhou, having benefited greatly from Chinese economic reforms, now expects increasingly to enjoy its cultural prosperity.

First Issue of Journal KEJI FUYOU Published
OW2811134393 Beijing XINHUA Domestic Service in Chinese 2132 GMT 27 Nov 93

[By correspondent Hua Ke (5478 0344)]

[Text] Beijing, 28 Nov (XINHUA)—Readers have seen the first issue of the journal KEJI FUYOU [4430 2111 1381 0645—Science and Technology Enriches Friends], which was established jointly by the State Council's Leading Group for the Economic Development of Impoverished Areas and the China Fund for Helping Poor Areas.

The journal aims to help impoverished areas shake off poverty and get rich. Xiang Nan, president of the China Fund for Helping Poor Areas, wrote a foreword for the first issue.

To fulfill people's requirements to shake off poverty and get rich, the journal KEJI FUYOU will strive to promulgate the concept that science and technology are the primary productive force; to publicize knowledge of the latest scientific and technological achievements and practical techniques; and to propagate information on ways to become rich and on operational methods. It will help people to find products that can be suitably developed in their respective localities and to seek markets that demand the products so as to enable the people to develop ways to become rich. It is a comprehensive monthly journal covering many topics including science, technology, economics, culture, and education, and it will be circulated publicly at home and abroad.

Opportunities for Returning Students Noted
OW0112151593 Beijing XINHUA in English 1440 GMT 1 Dec 93

[Text] Beijing, December 1 (XINHUA)—The Chinese Academy of Sciences in recent years has recruited more than 7,000 returned scholars and students who had been studying in Western countries.

According to an official from the Education Bureau under the Academy, the highest scientific institution of China, it has sent 11,736 researchers abroad over the past 15 years,

including 8,961 visiting scholars and 2,775 graduate students, to study in more than 40 countries and regions.

Among the returnees, 1,473 have been promoted to full professorships and 2,084 have been appointed leaders of research groups, he said.

Currently, 62.1 percent of the returned scholars have been given senior academic titles, and 23.3 percent of those have been promoted to higher administrative positions in the academy and research institutes.

Officials from the academy noted that the returned scholars have done a good job in integrating advanced overseas management methods with the country's realities when they have taken charge of scientific research work in China.

To attract overseas students to serve their home country in a more open way, officials said, the academy has taken the following new measures in its approach to overseas Chinese students:

- First, overseas students may set up research bases at home while going abroad for regular exchanges each year.
- Students studying abroad may set up research bases abroad while coming back home regularly for research. The academy is now encouraging overseas Chinese scientists to undertake short-term research in China.
- Students studying abroad are invited to attend scientific meetings at home.
- Outstanding students studying overseas are invited to run seminars at home.
- Summer schools are launched for people studying overseas.

Officials in the academy pointed out that the services for returned scholars and scientists play an important role in the country's drive to train more senior scientists and import advanced technology and management systems.

Official on Satellite Dish Use, Foreign Programming

HK2911104393 Hong Kong AFP in English 1025 GMT 29 Nov 93

[By Christopher Hines]

[Text] Hong Kong, Nov 29 (AFP)—A senior Chinese official said Monday that his government's recent restriction of individually-owned satellite dishes should not be taken as a retrenchment from foreign television programming. Wei Xuexing, vice president and general secretary of the China Users Association, Satellite Communication, Broadcasting and TC, PRC, said during a conference in Hong Kong that China would continue to depend on foreign programming. But he said it would be done in a more regulated way as China's booming television market is expected to grow from 20 million to 60 million households over the next few years.

"The programming must be selected from overseas which is suitable for children and families in China," Wei told AFP during a break in the 1993 Asia-Pacific Cable and Satellite Television Summit here. "We have different cultures and traditions." "For example, the Islamic people don't want to see kissing on TV," Wei said, adding that China would strive to create more of its own programming.

Wei, who made a presentation during the gathering of the Asia-Pacific region's leading players in the rapidly-expanding television market, also indicated that China would prefer cable-television systems over individual satellite dishes as a way of regulating and controlling programming. Wei, who is also general secretary of the Chinese Institute of Technology, repeatedly said that satellite dishes were not banned but just had to be registered. He added that in the future "only rural areas" that fall outside a cable system would need a satellite. "The programming coming from outside is allowed to be received," Wei said. "They have to be regulated."

James Griffith, managing director of STAR [Satellite Television Asia Region] TV in Hong Kong, which reaches 18 million television households in 53 countries across Asia, including eight million customers in China, said China's new regulations could help the industry. Although STAR TV, which was purchased by media tycoon Rupert Murdoch in July, depends on satellite dishes to distribute its programming and has a lot at stake in the Chinese market, Griffith said he was not overly concerned. "You have to read the regulations," Griffith said during a break in the conference. "It doesn't ban satellite dishes." Griffith said he would prefer a stable television market in China to what happened in Taiwan, where a lack of government control led to numerous unregulated cable operators who often pirated programming and provided shoddy service. "We want to have sustainable growth in China," he said.

William G. Hooks, managing director of HBO Asia, a pay-movie channel owned by U.S. TIME Warner, the largest media company in the world, said he was encouraged by Wei's remarks, although somewhat confused by the Chinese Government's statements last month on restricting satellite dishes. Hooks said his subsidiary, based in Singapore, already provides feature-length movies, mostly American, to more than 300,000 cable subscribers in Asia, and China has a market potentially larger than that of the United States. He said China's plans for cable fit nicely into HBO's since it already provides programming in Asia that has been edited of sex, violence and political overtones for the market here. But he added, "This uncertainty about the satellite dishes could restrain the market in China." "For all of Asia, the market is still dynamic and fluid," he said.

Association To Control, Prevent STD, AIDS Set Up

OW3011130893 Beijing XINHUA in English 1032 GMT 30 Nov 93

[Text] Beijing, November 30 (XINHUA)—China now has 1,159 reported cases of AIDS infection and the virus carriers, a health official said here today.

Of the 1,159 cases, 211 are foreigners and Overseas Chinese and 948 are Chinese. China has found 19 AIDS victims, 14 of whom have died.

Most of the HIV/AIDS carriers in China are drug abusers or returnees from abroad, said the official.

On the eve of "World AIDS Day", a national association of sexually transmitted disease (STD) and AIDS control and prevention was set up here.

Addressing the inaugural meeting of the association, Chen Minzhang, minister of public health, said that the association will help the government organize figures from various circles to take part in STD and AIDS prevention activities. Meanwhile, it will focus on health education, information exchange and international cooperation on STD and AIDS control.

According to Chen, the Chinese Government has always attached importance to preventing and controlling the spread of STD and AIDS. It has passed laws and regulations on prevention of AIDS and STD, which have promoted the management, research, surveillance and treatment of such diseases.

However, STD and AIDS epidemic areas are still expanding in China. "We lack publication and comprehensive management measures on STD and AIDS prevention," said Chen.

He urged government departments at all levels and communities all over the country to undertake commitments in STD and AIDS prevention and control. Meanwhile, he called for more cooperation on AIDS control among different departments in the country.

Official Predicts 100,000 HIV Cases by 2000

HK0112131093 Beijing ZHONGGUO XINWEN SHE in English 1103 GMT 1 Dec 93

[Text] Beijing, December 1 (CNS)—A projection by the central authorities indicates that by the year 2000, China will probably have a total of 100,000 AIDS-infected cases with people suffering from full-blown AIDS are put at 20,000, the Vice Minister of Public Health, Mr. Yin Dakui, said today. [sentence as received]

China has so far been seen as having fewer cases of AIDS infection. By late last month, 22 provinces, autonomous regions and municipalities had reported a total of 1,159 cases showing positive in AIDS tests while the number of full-blown AIDS cases was 19.

Mr. Yin said that the figures had come only from a sample survey of 2.3 million people and the actual number of cases with the infection was far greater than that, being estimated at 5,000 to 10,000.

Speaking at a function today for World AIDS Day, Mr. Yin said that should resolute measures to prevent AIDS not be adopted, China would become a country with a high AIDS rate by the turn of the century.

A research office under the State Council and public health departments as well as health experts joined hands early this year to study the risk of AIDS facing the country. Experts have estimated that the fatal disease had caused economic loss of at least between RMB 540 million [renminbi] and RMB 1.3 billion while the greater loss incurred was put at between RMB 790 million and RMB 1.87 billion, dealing a serious blow to families, society and the national economy.

The Ministry of Public Health and the World Health Organization have recently made joint efforts in helping China in its preventative work against AIDS. Such work undertaken next year will centre on publicity regarding AIDS prevention as well as on active measures to deal with it.

Awards have been won for a number of outstanding publicity items on AIDS. The president of an AIDS-prevention association, Mr. Qian Xinzhong, said that while China still has comparatively few cases of AIDS, the authorities should lose no time in promoting education on the disease and prevent it from spreading while at the same time helping people to overcome unnecessary fears regarding AIDS.

More Prevention Education Planned

OW0112100993 Beijing XINHUA in English 0909
GMT 1 Dec 93

[Text] Beijing, December 1 (XINHUA)—China will further strengthen its education on AIDS prevention and control, said an official from the Ministry of Public Health.

Addressing a meeting held here today to mark "World AIDS Day", Yin Dakui, vice-minister of public health, said that publication and education on AIDS prevention must be emphasized in the country.

"It is very important for Chinese to raise their awareness of AIDS to fight against the killer disease," he said.

Chinese medical specialists attending the meeting believe that China is one of the countries least affected by AIDS. However, they said they thought that many Chinese still lack knowledge on AIDS prevention.

The theme of this year's World AIDS Day is "Time To Act."

The World Health Organization estimates that there are about 14 million people infected with HIV around the world, two million of whom are AIDS victims.

In Asia, there are about 1 million cases of AIDS infection HIV carriers. Of the 1,159 confirmed carriers in China, 19 have shown symptoms of the disease.

Total of 250,000 Registered Drug Addicts Revealed

HK2911075693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1006 GMT 10 Nov 93

[By reporter Tao Guangxiong (7118 0342 7160): "China Now Has Over 250,000 Registered Drug Addicts"]

[Text] Beijing, 10 Nov (ZHONGGUO XINWEN SHE)—The number of registered drug addicts in China is now more than 250,000 and, up to May this year, 775 people had been discovered who had been exposed to the AIDS virus through using dirty syringes when taking drugs.

Yuan Yongyuan, deputy secretary general of the National Narcotics Control Commission, said today at the 1993 Beijing International Police Studies Seminar that drugs, which were basically eradicated in China 30 years ago, have resurfaced as a result of China's opening up to the outside world under the historic condition that the great international narcotic tide has run rampant and it is also as a result of the special objective environment that China borders the big source of drugs, the "Golden Triangle."

Yuan Yongyuan explained China's narcotic work principle of simultaneously banning "drug cultivation, smuggling, and addiction," to block the source, enforce law strictly, and tackle the root and phenomenon together. He said that China's drug problems come mainly from outside the border and the issue of transit drug smuggling is the most important issue in China's struggle against drugs. "Three defense fronts" have been formed in the border in Yunnan and Guangxi: The first front is to guard against the border and block the drugs as much as possible; the second front is to monitor the flow of drugs after drugs enter the country and to guard main roads and checkpoints; and the third front is to strengthen the control over the exits to other provinces and areas outside the border.

He said that the Chinese Government and law enforcement organs hold that it is extremely necessary to severely punish drug-related crimes, including sentencing serious drug criminals to death, if the harm of drugs is to be eliminated. In 1991 and 1992, China cracked a total of 22,050 drug smuggling and manufacturing cases, seized 6,409 kg of heroin and 4,661 kg of opium, and arrested 15,105 drug-related criminals; the judicial organs delivered verdicts on 11,773 criminals according to law, of whom 2,220 were sentenced to death, or death with a suspension, or life imprisonment.

He said that China is paying more attention to carrying out extensive and thorough propaganda campaigns aimed at the masses, as well as prevention and education work; the work in banning drug addiction and in rehabilitation will also be carried out vigorously. In the key areas, more than 200 drug addiction treatment centers have been established and, in the past two years, 87,000 drug addicts were compelled to quit drugs.

Yuan Yongyuan stressed that China's narcotics and law enforcement departments have always actively and responsibly carried out international cooperation in

cracking down on drugs and collecting intelligence and clues; they have adopted various kinds of necessary measures to resolutely hit transnational drug smuggling activities and played an important role in checking the transit and spread of drugs from the "Golden Triangle."

Parasites Said Affecting 62 Percent of Population

**HK2711072893 Beijing CHINA DAILY in English
27 Nov 93 p 3**

[By staff reporter Zhu Baoxia: "Parasites Infect Most of Nation's Population"]

[Text] Parasitic diseases have infected more than 62 percent of Chinese residents and have become a major threat to public health, especially in rural and ethnic areas.

Some medical specialists suggest that central and local governments include parasitic disease control in their social and economic development programmes and increase budgets for parasite eradication.

Ministry of Public Health experts, who recently completed a nationwide survey exposing the problem, hoped that extensive publicity and education could raise the public's awareness regarding parasitic illnesses.

The survey found that of the 62 percent of Chinese infected with intestinal parasites, some 43 percent had two or more species of parasites. Some persons had as many as nine species.

The rate of infection is even higher among farmers and ethnic people because of their agricultural activities and dietary customs.

Most are infected with roundworm, pinworm, and whipworm.

It is estimated that some 531 million people in the country have round-worms.

Each year, the central and local governments spend some 150 million yuan (about \$26 million) treating people infected with such soil transmitted parasites as roundworm, pinworm, whipworm, and hookworm.

The national survey, the first and the largest of its kind in Chinese history, lasted for eight years from 1988 to 1992 [years as published].

The Ministry of Public Health and local governments spent more than 5.2 million yuan (over \$900,000) for the survey which involved about 8,000 technicians and medical specialists.

The survey selected 2,848 pilot sites in 726 counties, and some 1.5 million persons were surveyed by fecal examination.

A total of 56 species of parasites were detected on the mainland. Of those, three species of trematodes detected in Anhui and Fujian provinces are the first recorded in

humans on the mainland. Another species, also found in Fujian Province, is the first instance of infection in a human.

The highest infection rate—nearly 95 percent—was reported in South China's Hainan Province. The lowest—17.5 percent—was in northeastern Heilongjiang Province.

Government To Inoculate Children Against Polio

HK0212041093 Hong Kong SOUTH CHINA MORNING POST in English 2 Dec 93 p 11

[Report by John Kohut in Beijing]

[Text] About 100 million children in hundreds of thousands of villages and towns across China will be inoculated against polio beginning on Sunday in the biggest mass immunization programme the world has ever seen. The two-day immunization blitz, which will be repeated on January 5 and 6, is part of an effort by the World Health Organisation (WHO) and the Chinese Government to eradicate the polio virus from China by 1995.

The strategy behind the mass immunization campaign was "to just smother the whole population with oral polio vaccine, and hopefully wipe out the dangerous virus", said Dr Kingsley Gee, the WHO representative in China. WHO hopes to wipe out the polio virus worldwide by the year 2000, and believes China is well within reach of eradicating it within two years. "If China does it, we hope it will set a faster pace in the rest of the world," Dr Gee said.

So far this year, China has reported 430 incidents of polio. However, without a mass immunization programme, the country is still vulnerable to the possibility of another upswing in polio cases. About two million doctors, health workers and support staff will be involved in the immunization drive, aimed at inoculating all children under the age of four.

The serum has cost U.S.\$7.3 million (H.K.\$56.37 million), half of which was paid for by China and the remainder of the bill being paid by outside donors. This round of immunization should wipe out the virus in most provinces, but a repeat programme would probably be needed next year in Guangdong, Guangxi, Guizhou and Hainan, Dr Gee said.

Elderly Population Now Numbers 103 Million

**OW0112155493 Beijing XINHUA in English 1441
GMT 1 Dec 93**

[Text] Beijing, December 1 (XINHUA)—China now has 103 million elderly people, about nine percent of the country's total population.

Figures released at a national scientific conference on the effects of aging showed that China's elderly population makes up half the whole of Asia's elderly.

It is also estimated that China's elderly will number 134 million by the year 2000.

According to an official of the Ministry of Public Health, health and medical care for the elderly has developed rapidly in China in recent years. By now, China has a large number of specialists and research and medical organizations for senior citizens' health care.

How to resist aging and improve the living quality of elderly people has become an important subject for China's medical research, said the official.

The six-day conference, organized by the Ministry of Public Health and some other organizations, will sum up China's experiences and research results from recent years on anti-aging measures and show more than 50 varieties of medicines, food and utensils to help combat the effects of aging.

Daily Carries QIUSHI Table of Contents

HK2911090793 Beijing RENMIN RIBAO in Chinese
29 Nov 93 p 6

[Table of Contents for QIUSHI No. 23, 1 December 1993]

[Text] "Communiqué of the Third Plenary Session of the 14th CPC Central Committee (14 November 1993)"

"Decision of the CPC Central Committee on Several Issues Concerning the Establishment of a Socialist Market Economy Structure (Adopted by the Third Plenary Session of the 14th CPC Central Committee on 14 November 1993)"

Commentary: "A Program of Action Concerning the Establishment of a Socialist Market Economy Structure"

Article by Wu Guanzheng: "A Theoretical Summarization To Enrich Our Experience, A Scientific Guidance To Show Us the Way Ahead—Understandings Gained From Studies of Volume 3 of *Selected Works of Deng Xiaoping*"

Article by Hu Ping: "A Sharp Weapon for the Building of Socialist Spiritual Civilization—Understandings Gained From Studies of Volume 3 of *Selected Works of Deng Xiaoping*"

Article by Tang Fei: "The Contingent of Journalists Should Strengthen its Building of Professional Ethics"

Article by Zhang Xiaolin: "An Ideological Prerequisite for the Theory of Building Socialism With Chinese Characteristics—On Emancipating the Mind and Seeking Truth From Facts"

Article by Chu Shijian: "Guide Production With Comrade Mao Zedong's Dialectical Ideology"

Article by Zhang Yanling: "A Brief Look at Mao Zedong's Ideology on Assimilating Foreign Cultures"

Article by Ji Youwei: "Thoughts on Injecting a Greater Vigor Into Party Organizations in Enterprises"

Article by the CPC Committee of the Weibei Saltworks Under the Jinan Military Region: "Provide the Production and Operation of Enterprises With a Spiritual Motive Power"

Correction to Item on Illegal Emigrants

HK0212034093

The following correction pertains to the item headlined "Guangdong Intercepts U.S.-Bound Illegal Emigrants," published in the Political & Social section of the 1 December China DAILY REPORT, page 19:

First column, second paragraph of item, from end of first sentence, make read: ...the United States. [sentence as received] Xuwen County is.... (providing editorial notation)

Economic & Agricultural

More on Li Peng Address to Economic Work Conference

OW0212013093 Beijing XINHUA Domestic Service in Chinese 1127 GMT 1 Dec 93

[By reporters Xu Yaozhong (1776 5069 0022) and Zhou Zongmin (0719 1350 2404)]

[Text] Beijing, 1 Dec (XINHUA)—A national economic work conference, convened by the State Council, opened in Beijing today. Premier Li Peng made an important speech at the conference, which deals with issues related to the implementation of the guidelines of the Third Plenary Session of the 14th CPC Central Committee to ensure a good job in economic work next year. He pointed out that the central task of next year's economic work is: Accelerating the pace of reform aimed at facilitating the building of a socialist market economic structure and maintaining a sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy.

Vice Premier Zhu Rongji presided over the conference today. Leading comrades present at the conference were Zou Jiahua, Qian Qichen, Li Lanqing, Li Tieying, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, and Luo Gan.

Li Peng began his speech by analyzing the current economic situation. He said: Since the beginning of last year, a new situation has emerged in China's reform, opening up to the outside world, and economic construction, and in other fields of work under the guidance of Comrade Deng Xiaoping's important talks and the guidelines of the 14th CPC National Congress. On the basis of rapid growth last year, the national economy is continuing to maintain the momentum of rapid growth this year. The general situation is good. With regard to the serious contradictions and problems which have emerged as a result of rapid economic growth, the Party Central Committee and the State Council have adopted on a timely basis measures to strengthen and improve macroeconomic regulation and control. Positive results have been achieved in this respect thanks to the concerted efforts of governments and departments at all levels. The facts have testified that the measures taken by the party Central Committee and the

State Council to strengthen and improve macroeconomic regulation and control are indispensable and correct.

Li Peng said: In assessing the economic situation, it is necessary to have a good grasp of the overall situation. As China is currently undergoing a period of rapid economic growth, the great domestic market potential can provide vast opportunities for industrial development and can attract much foreign capital. The whole world is optimistic of China's good economic development momentum. Through decades of growth, especially the rapid growth in the past decade, China now has a stronger material foundation for carrying out modernization construction. Reform and opening up have instilled great vigor into our economic development. Of course, we should also soberly recognize the existence of quite a few contradictions and problems in Chinese economic development. These are problems in the course of advancement and they can only be gradually solved through deepening the reform and developing the economy. A review of the domestic and international situations shows that China is facing a rare excellent opportunity of reform and development for a fairly long period of time to come.

Premier Li Peng then discussed the principle and tasks of next year's economic work. He said: Next year will be an important year for China's economy to maintain a good development momentum, and a crucial year for pushing forward reforms aimed at facilitating the building of a socialist market economy. The principle for economic work in 1994 is: **Implementing in an all-around way the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, accelerating the pace of establishing a socialist market economy, opening up wider to the outside world, strengthening and improving macroeconomic regulations and control, vigorously readjusting the economic structure, raising economic efficiency, and maintaining a sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy.**

Commenting on increasing peasants' incomes through energetically developing the rural economy, Li Peng said: For next year's agriculture and rural economic work, we should earnestly implement the policies set by the Third Plenary Session of the 14th CPC Central Committee and the central conference on rural affairs, stabilize the party's basic policies for rural areas, deepen rural reform, and promote rural economic development in all sectors. Efforts should be made to ensure good crops next year, a sustained and healthy [chi xu jian kang 2170 4958 0256 1660] development in township and town enterprises, a booming rural market, and higher per capita incomes for the peasants. To this end, we should substantially increase investment in agriculture and in the rural economic development. There should be higher investment in the state's budgetary capital construction projects, capital for supporting agriculture, and bank credit for supporting agriculture. Authorities in charge of planning, financial, and banking affairs should draw up specific plans; and all areas and departments must earnestly implement these plans.

Purchasing prices for grain and cotton should increase gradually. The system governing special grain reserves should be perfected. To ensure a steady increase in grain production, grain prices in the domestic market should be stabilized through purchasing and selling and through regulation in markets at home and abroad. To safeguard peasants' interests and arouse their production enthusiasm, funds should be established to protect grain production against risks.

Li Peng said: Since the overwhelming majority of the Chinese population is in the rural areas, agriculture is an issue having a close bearing on the whole situation. Whether our agriculture, forestry, animal husbandry, sideline production, and fishery can develop, and whether our crops are good have a direct bearing on the life of people in urban and rural areas and on the stability of commodity prices. Fast economic growth depends on the development of the rural market and we cannot develop the rural market unless the peasants have higher incomes.

Speaking on actively expediting enterprise reform and making earnest efforts to promote industrial production and transportation, Li Peng said: The restructuring of large and medium state enterprises is the priority of China's economic restructuring, but it is also where the problems lie. We must actively restructure these enterprises according to the requirements set in the decision of the Third Plenary Session of the 14th CPC Central Committee on replacing state enterprises' operating mechanisms and establishing modern enterprise systems. The reform measures to be announced next year will significantly change our enterprises' external environment. On the whole, they will have a positive impact on improving the large and medium enterprises, but they will also create some new problems for them. Therefore, relevant departments should do a good job in providing comprehensive coordination for economic operations, strengthen the monitoring and forecasting of economic trends, and promptly resolve the problems appearing in economic operations. As the problem of capital shortage is gradually alleviated, market problems will likely become more prominent. We must attach great importance to market problems and guide enterprises to divert their attention to exploring the domestic and world markets. Today the economic performance of certain enterprises is poor, and one important reason is their poor management. Enterprises must therefore make earnest efforts to improve their management, strengthen their basic operations, tighten their regulations and rules, intensify their labor discipline, make painstaking efforts to streamline internal management, and improve the efficiency of all aspects of operations so that they can adapt themselves more in the market and become more competitive there. I want to emphasize here that enterprise- and transportation-related accidents have occurred time and again recently. Many of these accidents were major accidents. These accidents have exposed our management problems. Governments and enterprises at all levels must attach great importance to these problems, implement the policy of stressing prevention, and take effective measures to correct this problem.

On maintaining a rational investment scale and improving the investment structure, Li Peng said: Maintaining an appropriate scale of investment in fixed assets is an important condition for economic growth. Investment in fixed assets must be in line with economic growth. The on-going construction projects are already quite sizable and many new projects will be launched. All localities and departments must earnestly line up these projects, including the basic industrial and infrastructural projects, in accordance with their importance and urgency and make sure financial and material resources are used for projects yielding the highest efficiencies. First of all, we must ensure the needs of the on-going priority infrastructures and basic industries, especially the urgent state projects of developing resources in central and western China, and the needs of educational and scientific-technological development projects. Li Peng stressed: Three principles must be followed for projects to be launched in the future: First, there should be no costless investment. Applications for bank loans for new projects will not be granted unless these projects already have a certain percentage of capital. Second, loans for circulating funds should not be used for investment. Banks must strengthen their supervision in this regard. Third, new projects must have adequate basic amounts of circulating funds and those which do not will not be permitted to start. Local authorities should also invest more in building the infrastructure. Investment should be restructured in conjunction with housing reform so that more money can be invested in housing construction in cities and towns.

On conscientiously implementing the plan for reform of the financial and taxation systems and doing a good job in finance and taxation next year, Li Peng said: Major steps should be taken in reforming the financial and taxation systems next year. It is urgently needed to establish a socialist market economic system and to straighten out economic relations. There will be three major reforms in the financial and taxation systems next year: 1) reform of the taxation system; 2) institution of a tax-sharing system; and 3) reform of the system for the distribution of profits made by state-owned enterprises. The three reforms are important aspects in establishing a socialist market economic system and are major measures bearing on the reform of the economic structure as a whole. In working out the reform plan, methods popular in countries with developed market economies have been taken as references while China's specific conditions have received sufficient attention, and due attention has been paid to the need to gradually increase the central government's financial power and, at the same time, local needs and the current situation of enterprise operations have been taken into account. Party and government leaders at all levels must fully understand the importance of these reforms, perform ideological work effectively in all fields, and carry out the reform of the financial and taxation systems as a major task to ensure that reform measures will be taken smoothly and that desired results will be achieved.

On the reform of the banking system, Li Peng said: Under the conditions of the socialist market economy, financing plays an increasingly important role in the national

economy. Reform of the financing system is a pressing task now. An effective system of macroeconomic regulation and control by the central bank should be established through reform. The People's Bank of China should be made the true central bank, which will be able to effectively formulate and enforce monetary policies, to regulate and control the money supply, and to stabilize the value of currency. A number of policy-lending banks should be set up, and specialized banks should be made purely commercial. This will separate policy-lending banking from commercial banking. Governments at all levels should support banks in their work so that they will be able to perform their duties. Banks should conscientiously accept macroeconomic regulation and control by the state and play their roles more effectively in reform and development. Li Peng said: Fund shortage will be a long-term problem in the process of our country's modernization. The money supply is already large in quantity. What is crucial is to optimize credit and funding organizations, to improve the efficient utilization of funds, and to ensure that credit and funds are used in such areas as key state projects, agriculture, energy resources, communications, raw material industry, information infrastructural facilities, and foreign trade and in support of the production and management of large- and medium-sized state enterprises. On condition that strict standards are set for markets, we should further develop and enliven the money market, especially the inter-bank lending market, and establish a state treasury bond market step by step so as to stimulate the liquidity of funds. Li Peng said: We should also further reform the foreign exchange control system and gradually establish a managed, unitary floating exchange rate system based on market supply and demand to form rational exchange rates and control mechanisms.

Li Peng pointed out: We should vigorously and steadily continue to carry out the price reform next year and make proper arrangements for the peoples' livelihood. Price reform should be carried out vigorously, but the measures taken in this regard must be proper and reliable. Full consideration should be given to the tolerance of various sectors. Governments at various levels and departments in charge of commodity prices should strengthen their leadership over pricing work and carefully arrange and organize the implementation of price-reform measures. They should not increase tasks from level to level, nor should they seize a chance to get a free ride [chen ji da che 6387 2623 2290 6508]. They must pay close attention to the livelihood of the broad masses of people and enable the masses to feel the concern and warmth of the party and the government and the well-being brought to them through reform and economic development so as to arouse their enthusiasm and initiative. Thus, the broad masses of people will work together with one heart to carry out reform and make economic development ever more effectively.

Turning to the issue of opening up China wider to the outside world, Li Peng pointed out that the policy of opening up is China's basic policy. Our country benefited from the policy of opening up which brought about the rapid economic development over the last decade. The

obvious accelerated pace of the opening up in the last two years and the large increase in foreign investment funds have played a positive and promotive role to the high-speed economic growth. Well-management of the existing special economic zones, the economic and technological development zones, and the Shanghai's Pudong New Area should be continued. It is necessary to earnestly sum up operation experience of the Sino-foreign joint ventures, cooperative enterprises, and wholly foreign-owned enterprises and to raise their management levels. As the current international environment is favorable, we must seize the favorable opportunity and gradually bring about high-level, far-reaching, and indepth development. It is necessary to continue deepening reform of the structure of the economic sector dealing with foreign countries to meet the requirements of opening up wider to the outside world; to accelerate the pace of the transformation of the operation mechanisms at foreign trade enterprises; and to reform the import-export management system with the import and export to be controlled by economic means such as tariff and exchange rates instead of the original administrative means. The reform of the foreign trade system should be conducted in step with the reform of the financial, taxation, and banking systems.

Li Peng stressed: It is necessary to improve work style in a down-to-earth manner and to strive to raise leadership level. He said the tasks for the economic development and reform, and opening up in 1994 are arduous. We will face a lot of new situations and new problems in the course of progress. To smoothly accomplish various tasks next year, it is necessary for all levels of leading cadres, senior leading cadres in particular, to stress investigation and study, improve work procedures, and raise their leadership levels; to take into account the overall situation, and enforce discipline, so as to ensure the implementation of the central government's policies. It is necessary to closely integrate the reality of reform, opening up with that of the modernization construction drive and conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics with particular attention at present paid to studying well Volume 3 of *Selected Works of Deng Xiaoping*, master the essence of the Works, carry forward the style of linking theory with practice, emancipate the mind, seek truth from facts, unify our thinking and action with the adherence to the party's basic line, principles and policies, and creatively carry out work in respective departments and in various localities.

Li Peng took note of the complexity of the government work. He stressed the need to always persist in the policy of adopting a two-handed approach in dealing with the government work and of being tough in carrying out the policy of the two-handed approach. He urged all to make good arrangement for all areas of work. He called on all to concentrate efforts on economic development and reform with one hand and on other work such as education, science, technology, culture, public health, sports, environmental protection, family planning with the other. He stressed that there should absolutely be no relaxation of the efforts in the building of socialist spiritual civilization and in the building of socialist democracy and legal system.

In conclusion, Li Peng pointed out the current excellent opportunity for reform and development, saying doing well in the economic work next year will have a big bearing on the long-term development. We bear a heavy burden and are entrusted with heavy responsibilities. We should unwaveringly march along Comrade Deng Xiaoping's road of building socialism with Chinese characteristics, and under the leadership of the CPC Central Committee with Comrade Jiang Zemin at its core, unite as one, be of one heart and one mind, conscientiously do a good job in all areas, promote the cause of reform, opening up, and realize a sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy.

Attending the meeting were responsible comrades from provinces, autonomous regions, municipalities, and cities with provincial status, and from ministries, commissions, bureaus under the State Council.

Yuan Mu Article on Economic Structural Reform
HK0112140593 Beijing JINGJI RIBAO in Chinese
1 Nov 93 pp 1, 2

[Article by Yuan Mu: "On the New Stage of China's Economic Structural Reform"; first paragraph is JINGJI RIBAO editor's note; the first article was published in the Economic & Agricultural section of the 4 November China DAILY REPORT, page 33-41]

[Text] Comrade Yuan Mu's article entitled "On Several Basic Understandings of the Socialist Market Economy," which was carried by this newspaper on 13 October, has aroused the interest of our vast numbers of readers. Today, this newspaper carries another new piece by him: "On the New Phase of China's Economic Structural Reform." The two articles are companion pieces, each having its own particular focus. It is suggested that readers piece together the two articles when reading.

The publication of Comrade Deng Xiaoping's important remarks and the convocation of the 14th party congress last year marked the beginning of a flourishing new development phase for China's reform, opening up, and modernization drive, and the entire national economy has taken on an encouraging momentum of high-speed growth. Efforts to firmly seize the present favorable opportunities, accelerate and deepen reform, and gradually set up a new socialist market economy structure will help find fundamental solutions to various contradictions and problems still existing in China's economic life, and will provide an important motivation and guarantee for China's economic takeoff and national rejuvenation in the 21st century. This is a glorious and arduous task faced by China's economic structural reform, which is entering a new phase.

I. The Historical Necessity for Reform To Enter a New Phase

It now has been 15 years since China first carried out reform of its economic structure. Reform conducted

before the convocation of the 14th party congress can be divided into the following two phases:

The first phase covers roughly the period from the Third Plenary Session of the 11th CPC Central Committee in December 1978 to the Third Plenary Session of the 12th CPC Central Committee in October 1984. Reform in this phase was focused on rural areas. During this period, rural areas abandoned the management structure featuring "the three-level system of ownership of the means of production in the people's commune, with ownership by the production teams as the basic form"; introduced a contract responsibility system on a household basis with remuneration linked to output; gradually set up and perfected a management system whereby unified management is combined with separate management; granted adequate operational autonomy to the vast numbers of peasants so as to arouse their enthusiasm in production; and gave extremely great impetus to the overall rejuvenation of the rural economy, and especially to the rapid development of town and township enterprises. Meanwhile, preliminary reforms also were conducted in urban areas, aimed at developing diversified economic elements, at granting greater decisionmaking power to enterprises, and at improving the financial structure, as well as the urban and rural circulation system. Through all these efforts, we attained—to varying degrees—remarkable results in developing productive forces.

The second phase covers roughly the period from the Third Plenary Session of the 12th CPC Central Committee to October 1992, that is, before the convocation of the 14th party congress. The CPC Central Committee's "Decision on Economic Structural Reform," which was adopted by the Third Plenary Session of the 12th CPC Central Committee, marked the beginning of a shift in the focus of reform from rural areas to cities. In another word, the comprehensive reform was pushed to a new stage in which reform was focused on cities, while stressing joint action by urban and rural areas. During this phase, efforts were centered on injecting greater vitality into enterprises, and especially on enlivening state-owned large and medium-sized enterprises, while coordinated reforms were carried on the management system of such fields as prices, planning, investment, material supplies, finance and taxation, the monetary system, and foreign trade. In addition, a series of preliminary reform measures was adopted and put into practice in many fields, including science and technology, education, culture, and the political system. The comprehensive progress facilitated by various reforms has served to accelerate the development of China's productive forces and to bring overall improvement to our society.

Reform during the previous two phases made tremendous accomplishments that are attracting worldwide attention. The major achievements gained through the economic structural reform are: We have broken with the unitary ownership structure; we have accelerated the development of diversified economic elements, including individual, private, and foreign ownerships, under the precondition that public ownership still plays a pivotal role in the

economy, thus injecting new vitality into the national economy; we have abandoned the distribution structure of "everybody eating from the same big pot" and have encouraged some of our regions and people to get rich first through honest labor and legal operation, thus successfully arousing the enthusiasm of localities, enterprises, and the masses of laborers in both urban and rural areas; and we have smashed the sealed or half-sealed economic pattern, strengthened and expanded our economic ties and exchanges with the world, and gradually given shape to a multilevel and all-positioned setup for opening up. What bears special and essential significance is our achievements, through reform, in breaking with the traditional, highly concentrated planned economic system. As a result, the proportion of market regulation is expanding with each passing day and has occupied a dominant position in some of our regions and industrial fields. In addition, the market mechanism has become a major force for the distribution of resources in society during the process of China's economic operation. Judging from the results of reform gained during the previous two phases over the past decade and more, we can see that China's economic and social development, on the whole, has taken on very great momentum, and its economic construction, the living standards of its people, and its comprehensive national strength all have mounted a new level.

Although significant achievements were attained in reform during the previous two phases, the historical task of reform has not yet been fulfilled, and practice is making a strong appeal for efforts to expedite and deepen reform. Judging from the overall momentum of reform, the basic situation tells us that although the traditional planned-economy system has been broken with, the new economic system, filled with vitality and energy, has taken only its initial shape and is still far from being set up in a comprehensive sense. The complicated conflicts and frictions of the old system and the new during the track-shifting stage represent a major cause of the various contradictions and problems currently cropping up when our country tries to accelerate the pace of its economic development. Only by accelerating and deepening reform can we solve these contradictions once and for all, consolidate the achievements we have already attained in reform, and continue to inject new vitality into socialism. It was at such a vital and historic moment that Comrade Deng Xiaoping made an inspection trip to southern China. During his trip, he stressed that "to seize favorable opportunities and develop ourselves, the key issue is to develop our economy," and that "we should strive to mount a new level every several years." Meanwhile, he also emphasized that to accelerate economic development, we must further emancipate our minds on the issue of reform and opening up, and should "have the courage to experiment and open up new paths." Based on the spirit of Comrade Xiaoping's remarks, the 14th party congress put forward a clear-cut demand to accelerate the pace of reform and opening up. It also made its new choice of, and gave adequate expositions on a new goal and pattern for economic structural reform, and adopted new strategic arrangements on various reform policies and measures. In this way, our party—in light of

the inevitable needs of historical development—gives the economic structural reform of our country a timely push into a new phase.

II. The Theoretical Preparation and Basic Conditions for Reform To Enter a New Phase

China's choice of a new goal and pattern for its economic structural reform is an issue having a significant bearing on the overall situation of the socialist modernization drive. The focal point of this important issue lies in a correct understanding and in handling—both in theory and in practice—the relationship between planning and the market. Before the convocation of the 14th party congress, and basing ourselves on the practice of reform which was undergoing constant development, we put forward the idea that the socialist economy should give its full respect to and make full use of the law of value under the framework of the planned-economy system; the idea that the socialist economy should rely primarily on planning, with market regulation as a supplement; the idea that the socialist economy should be a planned commodity economy based on public ownership; and the idea that the structure of the socialist planned commodity economy should be one featuring the inherent unification of planning and the market. All these innovative ideas on the relationship between planning and the market came into being alongside advances in the practice of reform, and they played a significant role in accelerating reform under the conditions then prevailing. In his important remarks during his inspection trip to the south last year, Comrade Xiaoping further pointed out when summarizing the practical experience of the entire world, and especially the experience China had gained from reform and opening up over the past over 10 years: "The essential difference between socialism and capitalism is not whether we should make more use of planning or the market. The planned economy cannot be equated with socialism, for capitalism also has planning; nor can the market economy be equated with capitalism, for socialism also has a market. Planning and the market are two means." Comrade Xiaoping's scientific thesis has completely freed people from the long-existing ideological fetters that "the market economy is capitalism, and only the planned economy means socialism." In accordance with the spirit of Comrade Xiaoping's remarks, and on the basis of extensive and thoroughgoing discussions both within and outside the party, our party finally made a correct and solemn choice at its 14th national congress: "The goal of China's economic structural reform is to build up a socialist market economy structure that is beneficial to further emancipating and developing productive forces." This choice represents another major breakthrough and another positive achievement of the ideological emancipation of the whole party, thus providing us with most important and most essential ideological and theoretical preparations in our efforts to push reform into a new phase.

Moreover, the current international environment is also favorable to China's efforts to accelerate and deepen

reform. In particular, we have been provided with the following basic domestic conditions that we cannot do without:

—The market-oriented reform conducted over the past decade or more has laid an elementary foundation for the establishment of a socialist market economy structure. Ever since 1979, we have carried out successive reforms in such fields as planning, finance and taxation, the monetary system, prices, investment, foreign trade, material circulation, labor wages, and social insurance, and we have relied persistently on the guidance of the market. As a result, thoroughgoing changes have taken place in China's economic structure and operational mechanism. The market is playing a much greater role in the national economy, the development of social productive forces has been given a strong boost, and the overall economic strength of our country has been strengthened. The market-oriented reform not only has greatly enhanced the proportion and role of market regulation in the distribution of resources in society, but also has enabled people gradually to deepen their understanding of the market economy, adapt themselves to and become familiar with the market mechanism, and master more knowledge on the market economic structure. All this undoubtedly serves to lay a structural and ideological foundation for the establishment of a new socialist market economy structure.

Economic development and enhanced overall national strength have served as the material basis for accelerating and deepening reform. In comparison with that of 1978, China's 1992 GNP increased by 230 percent, with an average annual growth rate of 9 percent, demonstrating that China has always been among those countries enjoying the most rapid economic development. China's overall fixed asset investment of nearly 2,000 billion yuan during the Seventh Five-Year Plan, and a further investment of 3,000 billion yuan made afterward, will be turned into realistic productive forces in the 1990's, thus further reinforcing China's economic strength. The drastic increase in the savings deposits of both urban and rural residents represents an accumulation of capital for our economic construction. Agricultural production is enjoying stable growth, with fairly large and rich reserves of grain. Alongside the development of the economic sector under public ownership, other economic elements also have maintained their exuberant vitality. Scientific and technological progress has powerfully enhanced the comprehensive quality of the national economy. The scope and sphere of opening up are expanding constantly, foreign trade is growing steadily, and China has jumped from 33d to 11th in the world in terms of total import and export volume. In short, the increasingly enhanced overall national strength serves as a major material guarantee for our efforts to expedite and deepen reform.

—The load-bearing capacity of the vast numbers of our people toward reform apparently has been enhanced. Ever since China began to carry out reform and opening up, the income level and living standards of the vast numbers of our people have improved considerably. The

per capita living expenditure income of urban dwellers increased from 315 yuan in 1978 to 1,826 yuan in 1992, while the per capita net income of peasants increased from 134 yuan in 1978 to 784 yuan in 1992, representing an average annual increase of 6 and 9 percent, respectively. The total savings deposit balance of urban and rural residents grew from 548.2 billion yuan in 1978 to 1,154.5 billion yuan in 1992—an average annual growth rate of 33 percent. The overwhelming majority of the masses have extricated themselves from the problem of insufficient food and clothing, and are heading for a fairly comfortable life. The vast numbers of our people have personally benefited from reform, deepened their understanding of reform in practice, renewed their concepts, gradually adapted themselves to changes in the market, and developed a greater load-bearing capacity toward reform than they had a decade ago.

—China's political and social stability, as well as the stable popular morale, have provided a favorable social environment for accelerating and deepening reform. Ever since the Third Plenary Session of the 11th CPC Central Committee, our country has withstood various difficulties at home, as well as severe tests of the changeable international situation, and has succeeded in maintaining political stability and unity at all times. From the practice of economic development both at home and abroad, China's hundreds of millions of people have acquired an intimate knowledge of the fact that only stability is favorable to reform and development. In stability lie the fundamental interests of the people throughout the country. Generally speaking, China currently enjoys a situation of political and social stability, marked by the emancipation of people's minds. In addition, the publication of Comrade Deng Xiaoping's important remarks and the convocation of the 14th party congress, in particular, have further aroused the enthusiasm of the broad numbers of cadres and masses, and have filled the entire country with an immense zeal for reform.

III. The Basic Requirements for and Major Characteristics of Reform in the New Phase

This issue should be approached from two aspects.

On the one hand, by setting up and perfecting a new socialist market economy structure, we mean to bring about an organic combination between the basic system of socialism and the market economy, so that the new socialist market economy structure can give full play to the superiorities of the basic socialist system, as well as to the essential role of the market mechanism in the distribution of resources in society. By saying that reform has entered a new phase, we mean that reform has entered a stage marked by the comprehensive establishment of a new socialist market economy structure, which is accompanied by coordinated reform policies and measures in all fields.

On the other hand, reform still suffers from a number of major problems and defects during its progress in the previous two stages. First of all, the various contract

systems, characterized by decentralization of power and authority, played an important role in smashing the highly concentrated planned-economy structure and in arousing the enthusiasm of localities, enterprises, and individuals. However, they also served to reinforce the mechanism of interest incentives and to weaken the mechanism of interest restriction, thus making the interest setups and distribution relations among various parties become less rational and less standardized. Second, owing to the fact that the government failed to transform its functions and roles in a timely manner, and to the fact that ill-managed enterprises failed to carry out the timely reform of various internal systems, state-owned enterprises, and especially large and medium-sized enterprises, are progressing at a very slow pace in changing their operational mechanisms. As a result, most of these enterprises have not yet become independent commodity producers and dealers that are responsible for their own profits and losses. Third, although reform has been unfolded in a comprehensive and thoroughgoing way, and although microeconomic control has been relaxed, the system of macroeconomic control and regulation remains imperfect, and the macroeconomic control and regulatory capacity of the central authorities, in particular, has been weakened, thus impairing the stable growth and healthy development of the national economy to a considerable extent.

The situation in the above two aspects decides that reform in the new phase cannot but meet the basic requirements and posses the major characteristics listed below:

—To carry out reform successfully, we must kindle the enthusiasm and initiative of all sides by delegating power and granting concessions to lower levels. In addition, we must engage ourselves resolutely in building up, systematizing, and standardizing in a gradual and comprehensive way the various systems and mechanisms that suit the development needs of the socialist market economy. At present, the central financial departments have found themselves in a tight financial situation: Deficits are rising year after year; the proportion of state finance in total national income, and the proportion of central finance in the whole of state finance both are declining constantly; and state finance has developed to the point that it almost cannot make any more concessions to lower levels. This is one side of the problem. What is more important is that if we fail to devote efforts immediately to systematizing and standardizing the market economy structure, as well as its operational mechanism, we will find it impossible to create an macroeconomic environment of equal competition for economic main bodies, including enterprises of all kinds; impossible to set up a popular, unified, and open market structure the operates in an orderly fashion; and impossible to build up the powerful macroeconomic control and regulation system needed by the market economy. Failing to take serious moves to change this situation will represent a deviation from the basic tasks of reform in the new phase. Of course, powers we have decided to delegate to lower levels in accordance with the law and regulations, and especially the various operational autonomies we have granted to state-owned

enterprises, should by no means be withdrawn. Instead, we should take further steps to have these powers and autonomies put into practice in an comprehensive way.

—To carry out reform successfully, we should earnestly draw up a overall plan, put the plan into practice, and give sufficient attention to the coordinated reform of management systems in all fields. During the previous stages, we stressed breakthroughs in individual reforms to the neglect of their interrelation and interdependence as a whole. Such a practice was inevitable under the conditions at the time, for results could be attained more rapidly that way. However, alongside the constant deepening of reform, we need to pay increasingly greater attention to the interrelation and interdependence of coordinated reforms, for any move in a single field may affect the situation as a whole. Without the help of coordinated reforms, we will find it very difficult to push forward key reforms. Enlivening enterprises and changing their operational mechanisms, especially where large and medium-sized state-owned enterprises are concerned, is a central link in the reform to build up an enterprise system that meets the requirements of the socialist market economy. However, if we fail to accelerate the pace in transforming the functions and roles of government—or fail to carry out reforms in such fields as the monetary system, finance and taxation, investment, and social insurance—it will be difficult for enterprise reform to attain the desired result. Conversely, if enterprises fail to acquire greater vitality through reform or fail to create more wealth for society, they will end by adding difficulties to reforms in other fields. Thus it can be said that all reforms in the new phase should be mutually prerequisite, mutually conditional, and mutually supportive, and we must enhance our understanding of this characteristic.

—To carry out reform successfully, we should act in persistent accord with the principle of "advancing gradually in due order," while simultaneously paying attention to indispensable breakthroughs at key links. Generally speaking, China's economic structural reform is a process of gradual advances. On the one hand, because reform inevitably involves readjustment of various interest relations, if we take reform steps that are too harsh or too fast—even if their orientation is correct—we may give rise to obstructions and may miss reform opportunities. On the other hand, faced with reforms that are more difficult or are too unclear for us to assess, we need to make constant explorations, "groping our way across the river," and make progress step by step. Therefore, pushing forward reform by adopting the method of gradual advances is one of our successful experiences. As we continue to push forward reform as a whole through gradual advances, we also will firmly seize current favorable opportunities, take the entire situation into account, judge the hour and size up the situation, and try to make faster breakthroughs on key reforms that have a bearing on the whole. Only by so doing can we better suit the needs of accelerating the establishment of the socialist market economy structure.

—To carry out reform successfully, we should accelerate the pace of building a macroeconomic management system. The more we are resolved to develop the market economy, the more we need to strengthen macroeconomic control and regulation. This is not only an experience gained by other countries practicing the market economy, but also an experience that has been proved feasible by China's own practice. The root cause for the somewhat imbalanced state of China's macroeconomy over recent years lies in China's failure to set up a macroeconomic management system in a timely manner, thus hindering the healthy development of the national economy. Enterprise reform still remains the central link in the establishment of the socialist market economy structure. Judging from the present process of reform, however, the focus of contradictions gradually is being shifted changing government functions and establishing a macroeconomic management system. Failure to accelerate the pace of reform in this aspect will be a drag on enterprise reform. Therefore, we must set up and gradually perfect a macroeconomic control and regulation system that conforms to market economy rules and that relies mainly on indirect control and regulation.

IV. Key Tasks for Accelerating and Deepening Reform in the New Phase

This issue has been discussed above, and here I will give some supplements.

In order to attain the reform goal of building up a new socialist market economy structure, we must uphold as our guidance Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and must carry out persistently the basic line of "one center, two basic points" which takes shape under this theoretical guidance. Just as Comrade Xiaoping pointed out, when judging the success or failure of all reforms, we "should see mainly whether they are beneficial to developing the productive forces of socialist society, to reinforcing the comprehensive strength of socialist countries, or to improving the living standards of the people." As long as we can meet this requirement, we should have the courage to experiment, open up new paths, and "be freer in the mind, bolder in action, and faster in forging ahead."

To summarize, an enlivened and energetic enterprise system relying mainly on public ownership is the micro basis for the socialist market economy; a unified, open, and orderly market is an indispensable condition for the socialist market economy; and a perfect macroeconomic control and regulation system is the guarantee for the healthy development of the socialist market economy. Only by upholding a distribution system based on distribution according to work, which encourages some of our people to get rich first, can we gradually bring about common prosperity. Only when a social insurance system suited to China's national conditions is set up can we provide a better guarantees for economic development and social stability. These should be our common understandings on reform in the new phase.

Basing on these understandings, the key tasks of reform in the new phase can well be summarized in the following three points:

—Efforts should be taken to set up an enterprise system that suits the needs of socialist economic development, and to help enterprises under public ownership—and especially state-owned enterprises—adapt themselves to the market mechanism so they can operate and develop in accordance with the market economy law in real terms. To carry out reform of the enterprise system successfully, especially reform of large and medium-sized state-owned enterprises, we should completely change the existing operational mechanism of state-owned enterprises, and turn these enterprises into self-developing and self-disciplined commodity producers and dealers that are independent and are responsible for their own profits and losses. The structural reform of state-owned enterprises should be aimed at helping to resolve such problems as unclear equity relations of state assets and the imperfect management system, and at ensuring the value increments of state assets.

—It is necessary to build up a market structure that suits the needs of socialist economic development, constantly open up domestic markets, and take an active part in international market competition. We must base ourselves on domestic markets, and try to establish economic ties with the international community at higher levels. Domestic markets should be opened not only to each other, but also to international markets. Only by so doing can we make better use of both domestic and international markets and resources, introduce advanced technology and management experience from foreign countries, apply customary international practices to the operation of China's market economy, and turn China's market economy into one that can give a strong impetus to the development of social productive forces.

—Strides should be taken to set up a new type of macroeconomic management system that suits the needs of socialist economic development, with its stress on structural reform in the monetary, financial, and taxation systems. Judging from the experience of other countries in the world, monetary and financial systems are major means of market economy control and regulation. In China, the control and regulatory roles of the monetary and financial systems will become more and more important alongside the development of the socialist market economy. Through reform of the monetary system, we will set up a central banking control and regulatory system that can carry out currency policy independently under the leadership of the State Council; set up a monetary organizational structure that separates policy monetary organs from commercial ones, relies mainly on state-owned commercial banks, and allows diversified monetary institutions to coexist; and set up a unified and open monetary market structure marked by orderly competition and strict management. Through reform, we should build up a financial and taxation system that suits the needs of the socialist market

economy; unify tax laws; assign fair tax burdens; simplify the tax system; delegate powers reasonably; rationalize distribution relations; and ensure the stable growth of state financial revenues, especially the financial revenue of central authorities. If we can do a good job in reform in these two aspects, the framework for a new type of macroeconomic management system that suits the needs of the socialist market economy can be basically set up, thus providing sound external conditions for further deepening enterprise reform.

The new type of macroeconomic management system also should include the building of market laws and regulations, as well as changing the government's role in economic management. It has become an urgent task to draw up a number of laws and regulations, and to standardize and coordinate the behaviors of all sides according to the demands of the socialist market economy. To bring about orderly economic operation at an early date, our primary task is to screen old regulations and draw up new ones so that we will have something to follow when trying to solve various contradictions. In addition, a fundamental change should be introduced to the government's roles in economic management according to the needs of the market economy.

Reforms in the above three aspects are interrelated and mutually coordinated. When enterprises, especially state-owned enterprises, are enlivened and filled with vitality; when the market is constantly expanding, opening to the outside world, and enjoying orderly operation; and when macroeconomic control and regulation can produce satisfactory policy effect; the framework of a new socialist market economic structure can be basically set up.

V. Several Relationships That Need To Be Dealt With When Accelerating and Deepening Reform in the New Phase

Based on practical experience over the past decade or more, the following may well be the issues to which we should pay sufficient attention:

—The relationship between reform and development: Comrade Deng Xiaoping has pointed out explicitly: "Poverty is not socialism," "development at a slow pace is not socialism either," and "development is the last word [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810]." Reform is the only road to emancipating and developing productive forces and to realizing socialist modernization. It is the motive power for development, and is in the service of development. Therefore, we must seize favorable opportunities, accelerate development, strive to push our economy to a new level every few years, and create a better macroeconomic environment for reform. Meanwhile, we also should notice that only by accelerating and deepening reform and by rationalizing structural relations can rid ourselves, once and for all, of obstacles hindering the development of productive forces, and reach the long-term goal of emancipating and developing the productive forces. In a word, we should handle correctly the

relationship of dialectical unity between reform and development, and should not set the one against the other in any way.

—The relationship between vigorous advances and steady progress: At present, we are faced with a favorable opportunity for reform, and conditions for accelerating reform and pushing it forward have ripened already. If we fail to seize this opportunity and to push forward reform with bigger strides, we will find no way to resolve the contradictions and problems existing at deeper levels in our economic life, and we will miss the current favorable opportunity for reform and development. However, since reform involves the readjustment of interest relations, our failure to handle these relations correctly will give rise to obstruction against reform. Therefore, we should be aware of the present necessity for, and urgency of pushing forward reform, while giving sufficient thought to the difficult and complex nature of reform. The ongoing reform of the macroeconomic management system, in particular, involves the interests of various sides, so we need to take vigorous action while adopting a prudent approach. In the course of implementation, we also need to make timely and appropriate readjustments in light of the changing economic situation. Localities where conditions are ripe should take greater strides forward, while those where conditions are not ripe enough or those that are unable to make an accurate assessment of the situation should be vigorous in exploration and steady in forging ahead, so that they can avoid great detours.

—The relationship between the central and local authorities: Fundamentally speaking, success in reform relies not only on the correct, highly efficient, and paramount leadership of the central authorities, but also on the conscientiousness and initiative of localities in carrying out central policies. To handle the relationship between the central and local authorities correctly, first of all, we need to handle correctly the relationship between the central and local authorities in the macroeconomic control and regulation system. The fundamental interests of the central authorities coincide with those of localities, yet contradictions may still exist between the two on some concrete matters. The most outstanding contradictions at the present stage are with reforms in the financial and taxation systems, as well as in the monetary system. To handle correctly the relationship between the central and local authorities, we must act in accordance with the following three principles: 1) We should consider the division of power between central and local authorities on the basis of the efficiency and entirety of the management system of the national economy, and by no means should turn the central and local governments into two antagonists at different levels. Reform is aimed at enhancing the central authorities' capacity for macroeconomic regulation and control, and also at giving full play to the positive roles of local government in economic management; 2) In the course of reform, localities should safeguard the overall interests of the state, while the central authorities also

should take into account the short- and long-term economic interests of localities; 3) The relationship between the central and local authorities should be defined clearly and standardized by law.

—The relationship between various mutually coordinated economic reforms: To carry out economic reform, we need to pay attention to coordination along the following three lines: 1) The coordinated relationship between key links of reform—this relationship is most essential, representing an important guarantee for attaining smooth progress in reform; 2) The relationship between key links of reform and other structural reforms—this includes coordination of structural reforms in such systems as the enterprise, planning, price, foreign trade, and commercial circulation systems; 3) The coordination between economic and structural reforms in fields like science and technology, as well as in education—coordination of all these reforms is highly complicated, and therefore is a huge systems engineering project "to combine many into one through mutual polishing."

—The relationship between accelerating reform and maintaining social and political stability: It should be noted that only when we maintain social and political stability can we provide reform and development with a sound environment, while only the healthy progress of reform and the further development of our economy can serve as an important guarantee for maintaining social and political stability. The two are mutually conditional, and are of a dialectical unity. Reform should take into full consideration the interests of the majority of people in our society at all times. Our failure to restrain ourselves from taking reform steps that are too harsh will sometimes result in certain kinds of side effects, even if the orientation of the reform is correct. For example, drastic increases in commodity prices will harm the interests of most people and will give rise to obstruction in society. This is a situation we should try our best to avoid. Therefore, at the present stage when we are accelerating the process of reform, we not only should take it as a prerequisite to maintain social and political stability, but also should pay attention to preventing the emergence of new factors leading to instability. Only by so doing can we successfully seize opportunities for reform and development, and bring about the sustained, rapid, and healthy development [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] of our national economy.

—The relationship between economic and political structural reforms: An accelerated and deepened economic structural reform inevitably will require a corresponding political structural reform, otherwise the economic structural reform cannot be carried out in a thorough-going manner or attain its expected results. This is also an objective rule. At the present stage, first of all, we should pay close attention to the government's administrative structural reform, change the roles and functions of the government, simplify administrative organs and reduce staff, and enhance work efficiency. Second, we should continue to carry out and attain fruitful

results in the anticorruption campaign, perfect the legal system through reform, and consolidate the accomplishments of the anticorruption struggle with new systems. These are two important tasks in political structural reform which can ensure that economic structural reform is expedited and deepened, and that new accomplishments are attained constantly.

Trade Commission Head on Enterprise System

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[Text] After the convening of the Third Plenary Session of the 14th CPC Central Committee, the issue of building a modern enterprise system received widespread attention from all social sectors, particularly the enterprise sector. Correspondents from the XINHUA NEWS AGENCY and RENMIN RIBAO recently interviewed Wang Zhongyu, minister in charge of the State Economics and Trade Commission, on this issue.

[Reporter] The "Decision on Some Issues Concerning the Establishment of a Socialist Market Economic System," adopted at the Third Plenary Session of the 14th CPC Central Committee, has clearly put forward the proposal to build a modern enterprise system. Would you please talk about your understanding of the proposal?

[Wang Zhongyu] The "decision," adopted at the Third Plenary Session of the 14th CPC Central Committee, has systematized and specified the objectives of the reform which involves the construction of a socialist market economic structure and relevant basic principles, all of which were put forward by the 14th national party congress. It has defined the orientation of the reform of state-owned enterprises in our country, which is, to build a modern enterprise system. The construction of a modern enterprise system gives us the foundation to build a socialist market economic structure. What we want to build is a socialist market economic structure, and enterprises are a market's basic economic units and the most fundamental and important force in market competition. The socialist market economic structure cannot be established without first defining the position of enterprises as the most competitive force in the market. Therefore, when we construct the basic framework for the market economic structure, we must build a foundation and a modern enterprise system which is suited to the socialist market economic structure.

To further deepen the reform of enterprises, we must solve deep-seated conflicts and bring forth new ideas by readjusting the policy which focuses on delegating greater power to enterprises and allowing them to retain more profits into one which focuses on an enterprise system with clear-cut relations between management and ownership. Construction of a modern enterprise system is a necessary requisite for developing socialized mass production. Under the traditional planned economic system, the state is the only competitive economic force, and it can be said that the whole nation is a big enterprise. The state makes plans, supplies materials, allocates funds, pays wages, and

markets products, and individual enterprises are actually subsidiaries or workshops of the big enterprise. In simple language, the enterprise system we practice is the "factory system." To establish a market economic structure, we need millions upon millions of competitive forces in the market. There can be no market competition with just one competitive force. Therefore, we must reorganize and transform the original "factory system," and form millions upon millions of independent legal entities active in the socialist market economic structure. What we need to build now is "a modern enterprise system which meets the requirements of the market economy, and one in which the relations between management and ownership and the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established."

[Reporter] What are the main features of a modern enterprise system?

[Wang Zhongyu] In specific terms, a modern enterprise system has three main features: The first one is the system of enterprise legal entities. To enter the market and become the most competitive force, enterprises must be able to independently enjoy civil rights and undertake civil responsibilities. When investors, including the state, form an operating organization, personalize it, give it an independent legal status, and let it have its own name and address, we have an enterprise legal entity. Affiliated to state administrative bodies, state-owned enterprises do not enjoy the status of independent legal entities under the traditional planned economic system. The system of enterprise legal entities established by the state through legislative measures during the process of practicing the planned commodity economy is not a complete one. Although state-owned enterprises enjoy the status of legal entities in name, they do not possess sole rights to their property, to which legal entities should be entitled. The key to establishing a complete system of enterprise legal entities is by defining the property rights which enterprises should possess as legal entities, so that some people will be responsible for the enterprises and have the ability to assume relevant responsibility as well. State-owned enterprises are enterprise legal entities constructed through capital investment supplied by the state. The ownership of state-owned assets in these enterprises belongs to the state, and the enterprises, as legal entities, possess rights over the assets. The state only owns the enterprises' property as an investor and enjoys the rights and interests as a part owner—namely, the right to dividends, the right to take part in major strategic decisions, and the choice of managers. However, the state does not interfere directly with the production and managerial activities of enterprises. The enterprises, as legal entities, make use of all property at their disposal to conduct business operation independently and shoulder sole responsibility for profits and losses according to law, pay taxes in line with related stipulations, and assume the responsibility of maintaining and increasing the value of the assets in the state's interests.

The second one is the limited liability system. There are two meanings for that: One, enterprises have limited liability for their debts according to the amount of property they hold as legal entities. Second, when enterprises go bankrupt, their investors only shoulder limited liability for the enterprises' debts according to the amount of capital investment they made. One of the intrinsic characteristics of the market economy is competition, which lets successful enterprises prosper and eliminates unsuccessful ones. The limited liability system is an effective method which enables investors to protect themselves and cut their risks in fierce market competition.

The third one is a scientific enterprise organization system. The organs with the authority and supervisory, decision making, and executive organs in enterprises are independent from each other in a standardized enterprise organization system, and they form a relationship which restrains each other. Such an organizational system arouse the enthusiasm, restrain the actions, and protect the interests of investors, managers, and producers. It sets the investors' minds at ease, and makes managers meticulous and producers diligent.

[Reporter] What are the objectives of implementing the modern enterprise system? Can they be attained by transforming enterprises into companies?

[Wang Zhongyu] When we establish the modern enterprise system, a rather large number of enterprises which use the factory system will be reorganized into enterprises which use the corporate system. However, the aim of building a modern enterprise system is not to simply reorganize enterprises into companies, and it in no way means that all enterprises will be reorganized into companies. The "decision" has clarified this issue in three sentences: The first one notes that "the implementation of the corporate system in state-owned enterprises is an exploration which benefits the establishment of a modern enterprise system." The second notes that "the introduction of the corporate system does not simply mean a change of names, neither is its aim simply the pooling of funds; the important thing is the shifting of mechanism." The third notes that "it is necessary to guard against indiscriminately changing enterprises without the necessary conditions into companies." Depending on specific conditions, in the future we will have shareholding cooperatives, wholly foreign-owned, and partnership enterprises, as well as state-owned and state-run enterprises. Therefore, we can definitely say that turning enterprises into companies is not the objective of building a modern enterprise system.

The objectives of building a modern enterprise system are as follows: The first one is to really separate government administration from enterprise management, so that enterprises will no longer be affiliated with government organizations or placed under the jurisdiction of certain competent administrative departments. The second is to combine the rights enjoyed by enterprises under civil laws with enterprises' ability to act, so that enterprises can become legal entities which are responsible for their own profits and losses. The third one is to let enterprises

compete fully in the market, operate according to market supply and demand as well as the law of value, and become the most competitive market force. The forth is to make the organizational and management system of enterprises scientific and conform to the standard, and form an operating mechanism which combines factors that encourage as well as restrain. The fifth is to transform government functions, so that the government's economic activities shift from direct management to indirect regulation and control. Of course, the fundamental objective is to further liberate and develop the productive forces, and fully bring into play the superiority of the socialist system.

[Reporter] Does the State Economics and Trade Commission have any concrete ideas and plans in promoting a modern enterprise system?

[Wang Zhongyu] As arranged and entrusted by the relevant central authorities, a modern enterprise system investigation and research group was formed in June this year under the leadership of the State Economics and Trade Commission in cooperation with more than a dozen departments under the State Council. The group held separate discussion meetings in Shanghai, Guangdong, Fujian, Shandong, and Heilongjiang, during which a research report on "the establishment of a modern enterprise system compatible to a socialist market economic system" was introduced. The report, which widely accommodated views from various sectors and took more than four months to complete after eight amendments, consists of six major parts: 1) modern enterprise system constitutes the foundation of a socialist market economic system; 2) straighten out relations between operating rights and ownership and perfect the system of enterprise legal entities; 3) the organizational system of modern enterprise; 4) the management system of modern enterprise; 5) the implementing procedures for the establishment of a modern enterprise system; and 6) accelerate package reform and improve enterprises' external environment. The basic thinking and views of our research report are consistent with the basic contents of the "decision."

As set forth in the "decision," our overall idea has been that "the establishment of a modern enterprise system is an arduous and complicated mission requiring accumulation of experiences, creation of conditions, and gradual promotion," that "the system should be gradually promoted through experiments to avoid formalism and rush," and that "various steps should be taken to create conditions for the state-owned enterprises to steadily transform themselves into a modern enterprise system." We maintain that in the process of promoting a modern enterprise system, the "decision" will help unify our mind and enhance our understanding. If we are in a hurry to promote the system without seriously studying and thoroughly understanding the "decision," without understanding the basic contents of a modern enterprise system, and without creating necessary conditions for its establishment, we will be unable to achieve our set targets and have all the possibilities of spoiling a good thing. Symptoms of this nature are already in sight and should have drawn the attention of various departments and localities.

Meanwhile, we should place emphasize on the title of the second part of the "decision," which reads "The Transformation of State- Owned Enterprises' Operating Mechanisms and the Establishment of a Modern Enterprise System," or "the transformation of mechanism and the establishment of system" in short. Experiments should be actively carried out. However, to most enterprises, the immediate task should be the proper implementation of Article Five of the "decision." First of all, it is necessary to continue doing a good job in implementing "The Regulations Concerning the Transformation of the Operational Mechanisms of Industrial Enterprises Owned by the Whole People" [the regulations on transforming operational mechanisms] by implementing to the letter the clauses governing rights and obligations of enterprises. "The regulations on transforming operational mechanisms" is the cornerstone for establishing a socialist market economic system; it is only through its proper implementation that a good foundation for the establishment of a socialist market economic system can be laid. Simultaneously, we should prepare ourselves for implementing the "Regulations on Supervision and Management of Properties of State- Owned Enterprises," [the supervision and management regulations] which will be promulgated soon. The supervision and management regulations is a development and perfection of the regulations on transforming operational mechanisms. While implementing the various clauses governing enterprises' independent operations, it is essential to establish as soon as possible—through the implementation of the supervision and management regulations—a system on the supervision and management of state assets with clear stipulations on operating rights, ownership, and responsibilities, under which the value of state assets will be preserved and appreciated and enterprises will have both powers and obligations. It should be clearly understood that the work focus of current enterprise reform should be the implementation of the two regulations. Second is to dovetail the reform on finance, taxation, banking, investment, and planning systems with the deepening of enterprise reform to help enterprises adapt themselves as soon as possible to the post-reform, new systems. Third is to guide enterprises to make more efforts in changing their internal mechanisms, readjusting structure, strengthening internal management, and deepening structural reform on labor, personnel, and wages. Leaders of enterprises who are lax in internal management should be supervised and those who have caused serious consequences should be investigated. Fourth is to systematically appraise fixed assets and the circulating funds, draw the line between operating rights and ownership, straighten out creditor's rights and debts, alleviate enterprises' burdens unreasonably caused by outside factors, and ascertain the portion of properties retained by enterprise legal persons. Besides, fund-raising, financial apportionments, and charges wantonly imposed upon enterprises should be resolutely halted as a means to lighten their social burdens. In short, various steps should be taken to create conditions for the state-owned enterprises to steadily transform themselves into modern enterprises.

The establishment of a modern enterprise system signifies China's state-owned enterprises will eventually free themselves from the trammel of traditional planned economic system to become a real, independent, major player in the competitive markets where they fight for both survival and development. It is not only a drastic change to the micro-economic foundation but also an all-round, deep reform involving the macroeconomic system. Hence, our mission is an arduous and complicated one. We must conduct experiments and proceed according to categories, stages, and batches in an organized, step-by-step manner. Lately, the State Economics and Trade Commission has been doing two things; first is to invite comrades from relevant departments, provinces, and municipalities who are in charge of work related to enterprises for a training course on the modern enterprise system, during which they will study the *Selected Works of Deng Xiaoping* and the documents of the Third Plenary Session of the CPC Central Committee. The aim of the course is to gear themselves for the establishment of a modern enterprise system by unifying their thinking, enhancing their understanding, mastering the main points, defining standards, doing research, and making work arrangements. Second is to seek the opinions of comrades from various departments, provinces, and municipalities on the proposed "Opinions Concerning the Selection of 100 Large, Medium-Size State-Owned Enterprises for Experimenting with the Modern Enterprise System."

Article Urges Development of Rural Economy

OW2211123393 Beijing QIUSHI in Chinese No 19,
1 Oct 93 pp 8-13

[Article by Liu Jiang (0491 3068): "Strive To Achieve Further Development of China's Rural Economy"]

[Text]

I

Agriculture plays an important and fundamental role in the national economy of China, a big agricultural country with 900 million peasants. As result of the breakthroughs which China has achieved in rural economic development following the Third Plenary Session of the 11th CPC Central Committee, China's agriculture has witnessed its best period since the founding of the republic. The fundamental reason for such achievement is that we have carried out a series of major reforms aimed at developing the productive forces. Our reforms are successful and our achievements are remarkable.

—The people's commune system has been restructured and a two- tier system combining household and collective operations has been established. Responsibility systems, especially the one under which contracts are linked to household output, have changed the three-in-one agricultural production management model which was based on a product economy, guided by a planned economy, and guaranteed by administrative action. In accordance with the principle of gearing toward market

needs and respecting the operational autonomy of producers, the two-tier management system combining household with collective operations has been established. This great system, created by Chinese peasants under the leadership of the CPC has become a fundamental agricultural operating system in China.

—The restructuring of ownership has created an initial pattern marked by the coexistence of all types of economic sectors, but with collective economies as the mainstay. During the initial implementation of the responsibility system under which contracts are based on household output, rural areas owned only 80 billion yuan of collective assets, with 60 billion yuan of them operated by rural households and the remaining 200 billion yuan under the control of collective economic units. After 15 years of reform and development, the value of collective assets in rural areas now exceeds 300 billion yuan. During the Seventh Five-Year Plan period, the annual incomes of collective economies in rural areas grew at an average rate of 18.8 percent, or 1.2 percentage points higher than income growth in other economic sectors. While the collective economies expanded, other economic sectors also made fairly big gains. According to the statistics, in 1992 the nation had 14.56 million independently-operated businesses with 2.03 million employees [figures as published]. Of them, about 60 percent were in rural areas. Over the past 15 years, individually-operated businesses and private enterprises in rural areas have absorbed about 1.4 million workers each year.

—The distribution system has been restructured and the socialist principle of distribution according to work has been effectively carried out. The responsibility system under which contracts are linked with household output has associated rewards with final products, and labor is measured through exchange in the market. This has quite successfully solved the issue of the proper combination of public ownership and worker interest and effectively avoided the disadvantages of "equalitarianism" and the practice of "eating from a big common pot." The measure, which evaluates the rewards of labor with final products of labor, does not rule out the redistribution of labor incomes and microscopic regulation, such as the withholding of a percentage of incomes for projects in the interests of collectives, or subsidizing agricultural production with income from industrial production, taking into account the difference in incomes caused by the gap between labor productivity in the agricultural and non-agricultural sectors. As a result of the redistribution of income, the inequality of incomes caused by some external factors can be eliminated, enabling laborers to compete on a generally equal basis. Those who work hard and manage well will get more income and become rich before others.

—The restructuring of the circulation system and the removal of control over the pricing, purchasing, and marketing of farm products have created multichannel operations. Before reform, 113 kinds of farm products were purchased at prices uniformly stipulated by the

state. That means the prices of 92.6 percent of farm products were set by the state, the prices 5.6 percent of farm products were regulated by the market, and the prices of 1.8 percent of farm products were negotiated. Today the state has set prices for six kinds of farm products and given guiding prices for three. Market regulation has played the dominant role. Last year, 29 provinces (regions and municipalities), 282 prefectures and cities, and more than 1900 counties removed their control of purchasing and marketing prices for grains. As a result, the state spent 10.9 billion yuan less than 1991 on subsidizing prices for grains and edible oil. With the improvement in the circulation system for farm products, many large markets of various kinds have appeared across the country. So far, China has more than 9,500 markets of farm and sideline products and various kinds of specialized markets, including more than 1,800 wholesale markets and more than 160 markets in which transaction volumes have exceeded 100 million yuan. Meanwhile, futures transactions of farm products have also witnessed a certain degree of development.

—All trades in rural areas have developed as result of industrial restructuring. Industrial structure in rural areas has been transformed from farming, with the emphasis on grain production, to the development of farming, forestry, animal husbandry, sideline products, and fishing, as well as the development of industry, commerce, construction, transportation, and the services sector. In the period 1978-1992, grain output increased by 45.2 percent; cotton output by 108.9 percent; oil-bearing seeds by a factor of 6.56; pork, beef, and mutton by a factor of 2.43; and aquatic products by a factor of 2.32. In the same period, farm production's share the total figure for agricultural output value dropped from 76.71 percent to 55.48 percent, while forestry, animal husbandry, sideline products, and fishing increased their combined share from 23.29 percent to 44.52 percent. The mix of farm products also underwent marked changes. The proportion of grain crops in the total sown acreage of all agricultural crops dropped from 80.3 percent in 1978 to 74.2 percent in 1992, while commercial crops increased their share from 9.6 percent to 16.3 percent. The proportional increase of forestry, animal husbandry, sideline products, fishing, and commercial crops constituted the basis for the substantial growth of the share of agricultural commodities, which reached 54.2 percent in 1992. In 1992, the total output value of village and town enterprises was 1,768.5 billion yuan, representing a 51 percent increase over the previous year, an increase of 3.53 times over 1978, and accounting for more than one third of GNP; export earnings exceeded 100 billion yuan, accounting for one third of the total value of export commodities; and the total number of staff members and workers reached 102 million people, surpassing that of state-owned enterprises. During the 1979-1992 period, village and town enterprises absorbed more than 65 million workers from rural areas, accounting for more than 60 percent of the newly increased labor force.

in rural areas in the same period. On average, more than 5 million additional workers were employed each year.

—Macrocontrol of the rural economy has been improved. As a result of reform, mandatory agricultural production plans have been canceled. Instead of simply using administrative means, the state now uses economic and legal means as well to exercise control over agricultural production.

Over the past 15 years, rural reforms have gone from being merely spontaneous actions in relatively low-level units to become the considered actions of relatively high-level units. The responsibility system which links contracts with household output has created many operators in the market economy and rapidly improved the functions of the market in distributing resources in rural areas. The thriving village and town enterprises have improved the use of major productive elements, giving impetus to rural areas' industrialization and facilitating the ties between urban and rural areas. The reform of pricing and circulation systems have accelerated the process of gearing agricultural production toward market needs. Facts prove that all market-oriented reforms have increased vigorous economic vitality and have enjoyed increasingly satisfactory development. One important experience gained from successful rural reform is that reform means a fundamental transformation of the old system, rather than simply creating a market for it.

II

Based on our achievements in the eighties, we should make a new breakthrough in rural economic development in the nineties. The overall goal is, based on comprehensive development for the rural economy, to bring about a relatively comfortable living standard for the vast number of peasants rather than having just enough food and clothing. For specific tasks, first, we should work toward the goal of a net per capita income of 1,200 yuan for peasants by the year 2000. Second, we should ensure total grain and cotton production reaches 500 billion kg and 5.25 million tonnes respectively, by the end of this century. Third, under the prerequisite of maintaining continued growth for total agricultural production, we should gradually upgrade the quality of agricultural products and diversity of food; increase the production of processed food from meat, poultry, eggs, milk, and fish; as well as increase the production of fresh vegetables and fruits to meet changes in the people's diet structure following upgrading of their living standards. Fourth, we should maintain an average annual growth rate of 4 percent in agricultural output value to support the average annual growth rate of 8 to 9 percent of the entire national economy.

The tasks for achieving the above goals are arduous. In agricultural and rural economic development, we will face many profound contradictions and restrictive factors.

First, comparative efficiency in agriculture has dropped and the growth in peasants' income has slowed down. From 1989 to 1992, the production of principal agricultural products grew by a very wide margin and the total

agricultural output value grew by an average of 5.2 percent annually. However, the net per capita income of peasants only grew by an average of 1.8 percent annually, which was incompatible with growth in the supply of agricultural products. The slow growth of peasants' income and growth of urban residents' income showed sharp contrast, and the income gap between urban and rural areas widened. In 1984, the disparity between the income of peasants and urban residents was 1:1.7, and had widened to 1:2.3 by 1992.

Second, investment in agriculture is inadequate, the material and technical base is rather weak, and defense capabilities against natural disasters are not strong. Even though our country has made tremendous achievements in capital construction in the agricultural field, generally speaking, the agricultural infrastructure is still inadequate. Many water conservancy projects have been left unrepairs for years, equipment is worn out, and agricultural development is very much affected by natural disasters. In the past two years, an annual average of over 50 million hectares were affected by natural disasters such as droughts and floods nationwide. Inadequate input, especially medium- and long-term investment was a vital reason for the increasingly inadequate agricultural infrastructure. In 1992, the proportion of state investment in capital construction in agriculture to the country's total investments was less than 3 percent. As the income of rural households grew slowly, the proportion of investments in fixed assets for production to households' expenditure dropped in recent years, and absolute volume also showed a downward trend.

Third, contradictions exist between small production and the large market, and the growth of intermediary organizations has stagnated. Currently, the mainstay of our country's agricultural undertakings are some 200 million rural households which engage in household contract operations. The average size of farmlands per household is below 10 mu and farmlands are used for diversified agricultural production. They are of small scale and low professional level. However, what they are facing is the increasingly expanding market. As peasants are not well organized, they lack intermediary organizations that have links with the market to provide a variety of services to them. As a result, the functions of information transfer and production regulation in the market mechanism are not effectively brought into play, resulting in stockpiling or shortages in certain or several agricultural products every year.

Fourth, macroeconomic regulation and control is not adequately and forcefully implemented. This does not correspond to the demand for developing the socialist market economic system in rural areas.

Fifth, there is an increase in the pressure to transfer surplus labor force from rural areas. Despite our great achievements in transferring surplus labor force from rural areas in over a decade since reform, the number of surplus laborers in rural areas is still around 120 million because of rapid population growth. It is forecasted that the total

number of rural laborers will reach 490 million and 540 million by 1995 and 2000 respectively, and the average annual increase of additional laborers will reach some 13 million. If we base calculations on the rate at which we transferred our rural labor force to non-agricultural sectors from 1979 to 1992, the number of additional laborers that will be left behind in the agricultural sectors will reach 64 million by the year 2000. In addition to the current number of over 100 million, the number of surplus laborers in rural areas may approach 200 million. This will be a major problem that has an overall effect on national economic and social development.

Sixth, rural economic development in different regions is unbalanced and the gap between the central and western regions and the coastal region in the east is widening. The populations of the central and western regions respectively make up 35.8 percent and 22.9 percent of the total national population. However, the total output value of rural areas in these two regions only make up 24.9 percent and 12.4 percent of the national total respectively. Accelerating the economic development of the central and western regions, particularly the development of village and town enterprises, is no longer only an economic issue but a major issue that concerns the stability and national unity of the entire society.

Seventh, the sharp decrease in farmlands and the worsening ecological environment is yet to be effectively curbed. The total farmland areas nationwide dropped from 1.677 billion mu in 1957 to 1.431 billion mu in 1992, and the per capita farmland area dropped from the peak 2.7 mu per person to the current 1.23 mu per person. The nationwide soil erosion area announced in 1992 was 1.794 million sq km, or 18.65 percent of the total national land area, an increase of 290,000 sq km or three percent over the figure announced in 1957. Industrialization has increased the discharge of water, gaseous, and industrial residue waste, causing pollution in irrigated water sources and land. The use of chemical fertilizers, pesticides, and plastic sheets as well as the content of toxic waste on farmland have increased. The resistance of crop pests to pesticides has strengthened, and the difficulties of control and cost have increased.

Competition in the international agricultural product markets is another new issue facing our country's agricultural development. Agricultural products and processed agricultural goods are important products in our foreign trade, with their export value making up over 40 percent of exports. After the restoration of our status as a signatory to GATT, we can benefit from preferential treatment such as tariff cuts, and reduction and exemption of non-tariff walls that includes a limit on quantity. This will be favorable to expanding our exports in agricultural products and processed agricultural goods. However, we must meanwhile shoulder the corresponding duty by cutting our tariffs as well as reducing, canceling, and adjusting some trade restrictions and measures. Thus, some low-cost, better quality agricultural products of other GATT members will

also enter our market. This will certainly affect the production and sale of some of our country's agricultural products.

III

In accordance with the requirements set at the 14th National Party Congress regarding the establishment of a socialist market economic system, China will—through restructuring operations, property ownership, circulation, and government macrocontrol—establish the mechanisms, dominated by market economic regulation, for controlling agriculture and the rural economy by the end of this century. At the same time, we must also take all possible measures to improve overall agricultural productivity to ensure the general goal of agriculture can be realized.

1. Basic agricultural operating systems should be stabilized and improved, and the system of owning property in rural areas should be promoted The two-tier operating system based on the responsibility system under which contracts are linked to household output is a new form of collective economy in rural areas. This firm, basic operating system in China's rural areas should remain unchanged for a long time to come. As for the specific forms, lengths, and rights and obligations of the contractual operations of concerned parties, they should be determined, in principle, by the collective units in a democratic way and not in a unified manner. The existing land contracts, however, should not be readjusted at will. If they must be readjusted within a village because of personal and land factors, they should be approved in accordance with procedures. No organization or individual is allowed to forcibly readjust land use against the public will. In villages where non-agricultural industries have developed and the overwhelming majority of the labor force has nothing to do with land, their land may be used in various other ways with the concurrence of the masses, such as subcontracting, transferring, soliciting coholders, and providing consolidated services.

While stabilizing and improving the basic operating systems, we should actively promote the establishment of property ownership in rural areas. Many places have now divided their collective property into shares and assigned them to households to take charge [zhe gu dao hu 2124 5140 0451 2073]. This is a useful experiment because not only has it resolved the problem caused by the need to uphold collective ownership of capital goods, but has also aroused peasants' concern for the value of collective property being able to appreciate and be maintained. This experience may be extended to other areas in a way appropriate to their conditions.

2. Guide peasants and agriculture to enter the market through speeding up reform of the circulation system Over the past two years, we have carried out fairly substantial reforms in areas of decontrolling grain and edible oil prices, and restructuring the purchasing and marketing system. However, such reforms have not been completely accomplished, and continuous efforts must be made to fully decontrol grain and edible oil prices. Meanwhile, conditions should also be created to gradually decontrol

the prices of cotton, silk cocoons, cured tobacco, and other products as well as their purchasing and marketing systems while maintaining proper macro regulation and control over them. While the government of our big country with a population of over 1 billion must always purchase certain amounts of grain and other important farm products, purchasing prices should be set rationally in accordance with the law of value, supply and demand, cost, and price relations. When purchasing these farm products, the state can assign business organizations concerned as agents, but policy-based operations should be strictly separated from commercial operations. Restrictions on other kinds of farm products can be completely lifted. The purchasing and marketing of other farm products can be fully controlled. To maintain stable purchasing-marketing relations, we should also encourage direct ties between producers and marketers, and the signing of purchasing-marketing contracts.

Building stronger market systems in rural areas is another important aspect in deepening reform of the circulation system in these areas. We should continue to develop all kinds of country fair trade markets and specialized markets, make great efforts to develop wholesale markets, and explore ways to develop futures markets to form a market system for farm products which is based on country fair trade markets, centered around wholesale markets, and guided by futures markets. Governments at all levels should include the development of rural markets in their social and economic development plans, treat this project as one being for public benefit, and give it preferential treatment in terms of land requisition, construction funds, and taxation. Meanwhile, it is imperative to actively cultivate and develop land, labor, capital, technology, information, and other important resource markets.

3. Strengthening government macroeconomic regulation and control as well as establishing and perfecting the support system for agriculture First and foremost, we should continue to deepen reform of the management system for rural areas. In agricultural planning and management, we should change the past practice of merely examining projects and distributing money and goods. We should formulate programs for agricultural research as well as a medium- and long-term strategy for rural economic development; study and formulate agricultural policies; organize and coordinate the construction of major agricultural infrastructure and transregional agricultural bases; disseminate information on major agricultural product prices and markets; and help to achieve a balance in the total supply and demand of agricultural products. In reforming agricultural investment system management, we should change the current multiple management system under which decisionmaking is decentralized so that authorities in charge of agricultural production can become more efficient in controlling agricultural investments. Through the application of financial, taxation, credit, and insurance means, we should encourage and lead society, rural collectives, economic organizations, and peasants to invest more funds in agriculture.

While reforming the pricing system for agricultural products, the state should purchase grain and other staple agricultural products with protective prices, which should be determined on the principle of adding appropriate amounts of profits to production costs. When market prices fall below protective prices, the government should make purchases at protective prices. From a long-term point of view, the state should also set supportive prices for agricultural products. Meanwhile, the state should perfect various special reserve systems for important agricultural products, rationally determine the scale of reserves and gradually separate the government's special reserves from commercial stockpiles. We should establish funds against risks, including funds against production risks, price fluctuations, and reserve regulations.

We should support the development of organizations providing socialized services, such as promotion of agricultural technology. Organizations offering services relevant to agricultural technology, farm machinery, veterinarian care, aquatic technology, forestry, water conservancy, and agricultural operations and managements are state units at the grass-roots level as well as forces supporting socialized services for agriculture. The development of agricultural technology service organizations is favorable for improving peasants' and enterprises' operations and management as well as their competitive power on the market. We should maintain the stability of these organizations and shoulder their budgets. We should assure them that support will be gradually increased. Meanwhile, they may offer compensatory services and establish economic entities to enhance their capacity for developing themselves and offering more services.

4. Bring about a coordinated development of urbanization and industrialization in rural areas through rationally readjusting the relations between urban and rural areas Our country's industrialization has increased greatly but the overwhelming majority of the population and labor force remain in rural areas. The level of urbanization lags very far behind the level of industrialization, and the gap between townships and villages is very wide. From now on, we should make overall plans and adopt measures to bring about coordinated development of urbanization and industrialization to establish a new layout of urban and rural areas. We should accelerate the development of small industrial zones and small towns. We should guide village and town enterprises to consider the local natural, economic, and social conditions, then plan rationally and develop large pieces of land into small industrial zones where they can operate together. We should consider the construction of small townships a strategic task and pool the necessary financial and material resources into building infrastructure to create a good development environment.

We should encourage and guide surplus labor forces in rural areas to move to townships and other regions. While we should encourage peasants to move into small country towns and small cities, we should also study the policy of allowing peasants to move into large and medium cities under certain situations so they can engage in secondary

and tertiary industries more steadily. To this end, we should accelerate reforming the household registration, employment, and social security systems that have separated cities and rural areas, and help peasants move into urban areas. We should promote interregional export of labor services in various ways through various channels.

5. Increasing agricultural investment to raise overall agricultural production capacity Increasing agricultural investment provides the foundation and guarantee for raising overall agricultural production capacity. Central and local authorities as well as the collectives and peasants shall increase investment in agriculture year after year and develop an agricultural investment system with state investment serving as the lead, and combining the resources of the state, the collectives, and the peasant households. In accordance with the provisions of the "Agricultural Law," future investment in agriculture from the state budget will increase yearly at a rate higher than the growth of regular state revenues. Investment in farmland capital construction and agriculture-oriented industry as incorporated in the state plan and budget shall also increase year after year, and the proportion of funds earmarked for farmland capital construction in the overall capital construction investment in the state budget shall be increased. We must strengthen macro management of non-budgetary agricultural investment, effectively manage and use the agriculture development fund, and other special agricultural funds.

We must continue to build production bases for commodity grain, cotton, edible oil, and sugar. While promoting work related to the construction and management of bases already completed or still in progress, we have started to invest in major grain and cotton producing regions to build the second batch of commodity bases incorporated in the Eighth Five-Year Plan. We plan to turn 226 counties into new commodity grain bases. This will increase the number of counties serving as commodity grain bases to 500, producing one half of the country's total commodity grain. In addition, these counties will be built into high yielding, fine quality, and efficient farming bases concentrating on commodity grain production. At the same time, an additional 100 fine-quality production counties and a number of sugar production bases will be built.

While ensuring stable grain and cotton production, we must use the market as our guide to actively but prudently press ahead with the readjustment of the rural production structure. We must vigorously develop the kind of farming that uses high technology, earns more foreign exchange, and is highly efficient and market-oriented, to raise the comparative benefits of agriculture and increase peasants' income. In the process of adjusting and optimizing the rural production structure, we must pay close attention to adopting policies favoring major grain and cotton producing regions, vigorously developing their secondary and tertiary industries, and expanding their regional economic strength while ensuring stable grain and cotton production. Future state investment in agricultural and non-agricultural sectors will concentrate mainly on grain and

cotton producing regions. In principal grain and cotton producing regions, we should also construct a group of bases for well-known, special, and new products of exceptional quality; for livestock, poultry, and feed production; and for processing agricultural and sideline products. Generally speaking, the state will no longer expand the capacity of ordinary production areas and cities for processing agricultural and sideline products. The existing agricultural and sideline products processing enterprises in cities should also plan to move to rural areas or principal producing regions. We should give export rights to qualified businesses and producers in principal grain producing regions.

We should continue to do a good job in promoting scientific research, education, and technology. We must continue to promote the implementation of the "bumper harvest" projects. The "Spark Plan" should be upgraded, it should give priority to guiding village and town enterprises to upgrade their technology and management. We should speed up the pace of bringing in advanced agricultural technology from abroad. The state should consider setting up national and provincial agricultural technology development funds for developing and promoting scientific and technological achievements in agriculture. We should earnestly perfect the system of spending funds for improving agricultural technology.

While insisting on being basically self-sufficient in staple agricultural products such as grains and cotton, we should boldly make use of domestic and international markets, bring their strengths into play, convert our resources, and take active part in the international division of labor and international competition.

Agricultural legislation is an important guarantee for establishing the socialist market economic system in rural areas. The promulgation and implementation of the "Agriculture Law" and the "Law on Promoting Agricultural Technology" showed that our country has entered a new historical stage in applying laws in agricultural undertakings. During the later stage of the Eighth and Ninth Five-Year Plan periods, we should intensify legislation, focusing on strengthening the role of agriculture as the foundation of the national economy, protecting peasants' legitimate rights and interests, developing village and town enterprises, developing peasants' cooperatives, and standardizing market trading. Meanwhile, we should perfect the law enforcement system, build stronger contingents of law enforcers, and perfect law enforcement measures.

Finally, we should earnestly strengthen our leadership in agriculture and rural work, and rely on the strength of the entire society to support and develop agriculture. Party committees and governments at all levels should earnestly strengthen their leadership in agriculture and rural work. They must not neglect agriculture at anytime or under any circumstances, but should give agriculture preferential treatment in terms of planning, investment, and arrangement of financial resources and credits. Meanwhile, it is also the responsibility of the entire society to develop agriculture. It is impossible to develop agriculture without

the entire society's concern, attention, support, and cooperation—no matter whether it was in the past, at present, or in the future. Therefore, we hope that, under the leadership of the party Central Committee and State Council, all trades and professions will steadfastly and solidly establish the thought that agriculture is the foundation of the national economy. They should, as always, care for and support agriculture, and do what they ought to in contributing to China's rural reform and agricultural development in the nineties.

Xinjiang Becoming Nation's Leading Oil Producer
OW0112054293 Beijing XINHUA Domestic Service in Chinese 0513 GMT 29 Nov 93

[Beijing XINHUA Domestic Service in Chinese at 1347 GMT on 29 November transmits a service message canceling the following item]

[Text] Urumqi, 29 Nov (XINHUA)— Our country has produced remarkable results from adopting the strategy of shifting the focus of oil prospecting to China's western areas. For the first time, Xinjiang's crude oil production is expected to top 10 million tonnes this year. Xinjiang is rapidly becoming one of China's major oil production areas.

As the sluggish oil production began to affect the healthy development of the national economy in the late 1980's, the central government timely adopted a strategic decision to shift the focus of energy production. Xinjiang became the major battle ground for such a major strategic shift. As a result, dozens of top oil prospecting teams from the nation's major oil fields descended upon the Tarim Basin, the Turpan-Hami Basin and joined with the workers who have already been prospecting oil at the Junggar Basin. An army of over 100,000 oil prospecting workers took up positions in the three big basins which covers an area of some 740,000 square kilometers.

It only took several years to achieve remarkable results from prospecting oil and natural gas in the three basins; areas under exploration are expanding day by day; prospecting has proceeded in depth and breadth; the peak in the increase of oil reserves arrived earlier than expected; exploration and production were carried out in full swing; and crude oil production maintained a strong momentum of growth, thus serving as the barometer of the development of our country's oil industry. So far 31 oil and natural gas fields have been discovered in Xinjiang's three basins. Geologists are also certain that in the three basins there are more geological structural belts bearing oil and natural gas for industrial use.

"The Sea of Death" has come alive. Over four years of exploratory efforts at the Tarim Basin have resulted in the discovery of six oil and natural gas fields and in 1.65 million-tonnes of developable energy. In addition, there were major oil and natural gas discoveries in the 29 geological structural belts. Particularly worth noting is the discovery of big oil fields containing of over 100 million tonnes of readily tapable reserves from the drilling of four

wells in the geological structural belt where the Tarim Basin is situated. Another 10 wells drilled at the Tarim Basin also indicated the existence of large amounts of industrial grade oil. This points to the bright prospects for a cluster of major oil fields. One estimate puts the prospective oil and natural gas reserves here as high as 20.05 billion tonnes. Zhong Shude, deputy director at the Tarim Petroleum Command Center, spoke with confidence: "We are locked onto the target. Tarim Oil Field is poised to make major discoveries."

The Karamay Oil Field, which has made the greatest contribution to the Republic's oil industry, staged a comeback in its twilight years. Its output of crude oil has climbed back in recent years. It now ranks fourth in the nation's petroleum output. And there are indications that its output will continue to rise. Flaming Mountain, Beisan-tai, Mazhuang Oil and Natural Gas Fields and others were discovered in the new exploration zones in the eastern part of the basin. The Cainan Oil Field, our country's first desert oil field with an output capability of one million tonnes, is located here, and production is now in full swing. More heartening is the news of the discovery of a major oil and natural gas field in the Shixi-Ma Lake Geological Structural Belt, in the heart of the Basin, with an output capability of 100 million tonnes. At present, the confirmed geological reserve reached over 100 million tonnes. There is room to build an oil field with an annual output capability of 3 million to 4 million tonnes. According to different estimates by Chinese and foreign experts, the prospective petroleum reserves in the Junggar Basin stand at several billion tonnes.

Oil was discovered relatively late at the Turpan-Hami Basin. But encouraging reports on more oil discoveries kept coming in after the first discovery a little over two years ago. Oil workers there conduct exploration and production at the same time. Of the 11 oil and natural gas fields discovered so far, three have been put into production and these three have produced 1.25 million tonnes of crude oil this year. The recently drilled Pubei Number One Well on the Flaming Mountain Geological Structural Belt showed potentially high-output of oil and natural gas. The gush of oil and natural gas from the Pubei Number One Well represented a major breakthrough for the prospecting drive in the Turpan-Hami Basin, proved that there exists quality oil and natural gas within a perimeter of 140 kilometers at the Flaming Mountain Geological Structural Belt, and paved a way for making a major shift of the oil prospecting area from the eastern to western Turpan-Hami Basin. Deputy chief engineer Tao Jinfei said: "If the difficulty of transporting locally-produced oil to outside regions can be solved quickly, if the restriction on oil production is lifted, and the decision on cutting back oil production is reversed, we have the confidence to push oil production in the Turpan-Hami Basin to a new height of 3 million tonnes by the end of next year."

Recently, oil workers struck oil at the Tangcan Number One Well of the Santanghu Basin in east Xinjiang. The well produced a daily output of 22.7 cubic meter of industrial grade oil. The discovery of an oil-yielding basin in the

Santanghu Basin follows the discovery in the other three Xinjiang basins. It shows the bright prospects for prospecting oil in a large number of small and medium-sized basins in western China.

It took only five months between the signing of a contract to drill the well in question and the first gush of oil from the well. The high-speed and high-efficiency involved in developing the above-mentioned oil well amply shows the correct decision taken at the beginning of this year on the large-scale opening up of China's oil prospecting market to both domestic and foreign prospectors. In the first half of this year, the China National Petroleum Corporation introduced a market competition system into oil prospecting. It achieved marked results by inviting domestic and foreign investors to submit tenders for the rights to explore oil in several hundred thousand kilometers of areas including the areas of the Santanghu Basin and the Tarim Basin. Importation and assimilation of advanced foreign technologies have also accelerated the process of oil exploration and development in western China. Before the introduction of foreign technologies, a domestic seismologist team operating in the desert could, at best, explore 200

kilometers annually. But following cooperation with foreign counterparts, a Chinese team is now able to cover 1,000 kilometers annually. Through learning from their foreign counterparts, our country's oil workers are quickly catching up with the world's advanced well-drilling technology.

The state's rendering of massive support is instrumental in achieving remarkable results in the strategic shift of the focus of China's oil exploration to the west. The central government has poured more and more investment into Xinjiang's oil exploration and development in recent years. So far, the state has invested some 9 billion yuan in Xinjiang's oil exploration. To accelerate oil development in Xinjiang, our country's communications departments have invested several billion yuan into building a double-track line of the Lanzhou-Xinjiang Railway. At the same time, the drafting of a feasibility study for building a 10-billion yuan Northwest crude-oil pipe line project has been completed.

At present, oil has become Xinjiang's major industry and its major source of financial revenue. Its share in Xinjiang's GDP grows bigger and bigger. In 1992, oil represented one-fifth of Xinjiang's GDP.

East Region

Fujian To 'Widen' Field for Foreign Investors

HK0112101793 Beijing ZHONGGUO XINWEN SHE
in English 0832 GMT 1 Dec 93

[Text] Xiamen, December 1, (CNS)—Vice Governor of Fujian Province, Mr. Zhang Jiakun, speaking recently at a fair held here for export commodities made by foreign-funded enterprises in the province, said that Fujian would widen its investment field for foreign businessmen and actively strive for central authorities' introduction of foreign funds.

The vice governor said that the provincial government planned to promulgate some new policies next year for the enlargement of foreign investment in the province including improvement in the examination and approval system of foreign investment and the improvement of treatment of foreign businessmen there.

Mr. Zhang said that a joint examination and approval system for foreign investment in the province would be put into practice. Such a system would greatly simplify the formalities to be gone through by foreign investors. As for the treatment of foreign businessmen there, the province would do its best to enlarge its investment field by foreign businessmen, enabling them to specialize in commercial business, finance, aviation and large-sized infrastructural facilities and at the same time the province would gradually unify the various tax rates and reform the current foreign exchange system, letting foreign-funded enterprises continue to bring their individual advantages into play.

In addition, the province plans to give guidance for foreign investment, encouraging foreign businessmen to invest in the construction of roads, transport, ports and power-generation as well as in tertiary industry in the province.

Jiangsu City Paper Expands

OW0112120093 Beijing XINHUA Domestic Service in Chinese 0657 GMT 1 Dec 93

[By correspondent Lu Nianzu (7120 1819 4371)]

[Excerpt] Nanjing, 1 Dec (XINHUA)—With the approval of the State Press and Publications Administration, JIANGYIN BAO [JIANGYIN NEWS 3068 7113 1032] was officially renamed JIANGYIN RIBAO [JIANGYI DAILY 3068 7113 2480 1032] and will publish six issues a week, up from four issues a week. This newspaper will be the first county/city newspaper in the country to receive XINHUA transmissions. [passage omitted]

Jiangxi Meeting on Geological, Mining Work Ends

HK0212100093 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 29 Nov 93

[Excerpts] A provincial meeting on geological and mining work concluded in Nanchang today. The meeting discussed and arranged the goals and tasks for the remaining two years of the Eighth Five-Year Plan. The meeting

pointed out the need to seize the opportunity to deepen reform, to promote geological and mining work, and to make more contributions to Jiangxi's economic development. Zhang Wenju, vice minister of geology and mineral resources, and provincial party and government leaders Zhu Zhihong, Huang Zhiquan, Huang Zhongfa, Zhang Yunchuan, and Wu Yongle addressed the meeting. [passage omitted]

Governor Wu Guanzheng sent a congratulatory letter to the meeting fully confirming the hard work of staff members and workers on the geological and mining front, their enterprising spirit, their achievements, and their important contributions to the province's economic and social development. [passage omitted]

Shanghai Secretary Calls For Fulfilling Tasks

OW2911044693 Shanghai JIEFANG RIBAO in Chinese 20 Nov 93 p 1

[“Wu Bangguo Calls For Comprehensive Fulfillment of This Year's Tasks by Taking Shanghai Reality Into Account and For Studying the Guidelines Set Forth at the Third Plenary Session of the 14th CPC Central Committee at a Bi-Monthly Discussion Meeting With Noncommunist Party Personages”]

[Text] Yesterday (19 November) Wu Bangguo, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, stressed the following at a bi-monthly discussion meeting with noncommunist party personages: It is necessary to take Shanghai's political reality as well as its actual situation into account; to study and understand in depth the guidelines set forth at the Third Plenary Session of the 14th CPC Central Committee; and to strive to comprehensively fulfill this year's tasks and to make arrangements for next year's tasks as early as possible while conscientiously studying Volume 3 of *Selected Works of Deng Xiaoping* and the “Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Economic Structure.”

Wu Bangguo presided over the “bi-monthly forum.” Also attending the forum were Chen Lianyu, deputy secretary of the municipal CPC committee; Zhao Dingyu, head of the United Front Work Department under the municipal CPC committee; Chen Mingshan, Liu Hengyuan, Wu Zhaoguang, Zheng Lizhi, Lu Yuyi, Weng Shuguan, Pu Zhizhen, Meng Qingwen, Sun Tingfang, Bai Tongsu, members of democratic parties, of the Federation of Industry and Commerce, and people without party affiliation; and responsible persons from relevant mass organizations.

At the forum, Wu Bangguo and Chen Lianyu relayed, respectively, the guidelines set forth at the Third Plenary Session of the 14th CPC Central Committee and of General Secretary Jiang Zemin's important speech at the plenary session. Following a briefing on the work in Shanghai, Wu Bangguo expressed thanks to noncommunist party personages for their past support to Shanghai's

work and also expressed the hope that they will continue to show concern for and to render more support to work in Shanghai.

Wu Bangguo stressed the need at present to make the study of Volume 3 of *Selected Works of Deng Xiaoping* and the study and implementation of the guidelines laid down at the Third Plenary Session of the 14th CPC Central Committee one of the important tasks for Shanghai. He pointed out that the "Decision" adopted at the Plenary Session is the general plan and the action program for building a socialist market economy under the great banner of Comrade Deng Xiaoping's theory on building a socialist market economy. Wu Bangguo said the municipal party committee has called on leading cadres at municipal-level departments, commissions, offices, and at the district and county-level bureaus to take the lead in earnest studying and understanding the guidelines set forth at the plenary session. He called for integrating the study and implementation of the guidelines laid down at the Third Plenary Session with studying Volume 3 of *Selected Works of Deng Xiaoping*, for further unifying thinking, and for creating a new phase in Shanghai work. He revealed that the municipal party committee will soon sponsor study sessions for directors of the district and county-level bureaus to study Volume 3 of *Selected Works of Deng Xiaoping* and the guidelines of the "Decision" of the Third Plenary Session. The municipal party committee will also convene the Second Plenary Session of the Sixth Shanghai Municipal CPC Committee next month to arrange next year's work in Shanghai in line with the guidelines set forth at the Third Plenary Session of the 14th CPC Central Committee.

Wu Bangguo gave a briefing on Shanghai's economic work, saying that Shanghai has enjoyed an excellent economic situation this year and that Shanghai has maintained last year's good momentum of sustained, rapid, and healthy development. He said one of the important reasons for Shanghai doing a good job is that it has conscientiously implemented the macroeconomic control measures worked out by the CPC Central Committee and the State Council. Wu Bangguo pointed out that it is necessary to comprehensively, correctly, and positively study Volume 3 of *Selected Works of Deng Xiaoping*, to implement the guidelines set forth in the "Decision," to use the party's basic line to understand the overall situation, to accelerate the pace of Shanghai's reform, opening up, and economic construction. Wu Bangguo also briefed the participants on reform of the financial and taxation structure, stressing that Shanghai will resolutely act in accordance with the demands of the CPC Central Committee and the State Council and will continue to make even greater contributions to the entire nation on the basis of accelerating economic development.

Wu Bangguo also briefed the forum on the city's ongoing fight against corruption. He said: In the past two months or so, acting on a decision of the CPC Central Committee, Shanghai has made down-to-earth efforts in improving the honesty and awareness of self-discipline in party and government organs, in investigating and prosecuting major cases, and in solving urgent concerns of the masses. Wu

Bangguo pointed out: Development is the last word [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810]. We must persist in making economic development the central task. The fight against corruption is a long-term task that should serve and help create a better environment for economic development, reform and opening up. Speaking of Shanghai's experimentation with management of state-owned assets, Wu Bangguo said: Efficient management of state-owned assets constitutes an important component in the modern enterprise management system. State-owned assets should be well managed so that their value will increase and they will serve to invigorate the enterprise and facilitate the readjustment of the industrial structure. It is essential to acquire experience in the management of state-owned assets in order to push forward in-depth reforms in state-owned large and medium-sized enterprises.

Wu Bangguo also emphasized the need to promote socialist spiritual civilization. He said: Shanghai's cultural work should reflect Shanghai's urban culture and the qualities of Shanghainese. He urged all sectors, the business circles in particular, to pay more attention and give more support to the development of serious art.

Southwest Region

Reportage on Guizhou Secretary's Activities

Addresses Party Committee Plenum

HK0112094793 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 26 Nov 93

[Text] The Second Plenary Session of the Seventh Guizhou Provincial CPC Committee was convened 24-26 November. Presided over by members of the provincial party committee standing committee, the plenary session relayed, studied, and implemented the spirit of the Third Plenary Session of the 14th CPC Central Committee. The plenary session was attended by a total of 230 people, including: members and alternate members of the seventh provincial party committee, persons in charge of various departments concerned, and a number of retired veteran comrades. Those sitting on the rostrum included: provincial party committee Secretary Liu Fangren; Chen Shineng and Wang Siqui, deputy secretaries of the provincial party committee; and Hu Kehui, Zhu Qi, Yuan Ronggui, Li Wanlu, Wang Shouting, Xia Guohua, Huang Yao, and Wu Xiansheng, members of the provincial party committee standing committee.

Liu Fangren relayed to the plenary session the spirit of the Third Plenary Session of the 14th CPC Central Committee, delivering an important speech entitled: "Seize Opportunities, Push Ahead With Reform, and Promote Faster and Better Provincial Economic Development." Liu said: In order to implement the spirit of the Third Plenary Session of the 14th CPC Central Committee, it is imperative, first and foremost, to step up studies in theory; heighten understanding; unify ideology in accordance with

the CPC Central Committee "Decision on Several Questions on Building the Socialist Market Economy Structure," which was adopted at the Third Plenary Session of the 14th CPC Central Committee; organically combine studying the CPC Central Committee decision with study of Volume 3 of *Selected Works of Deng Xiaoping*; grasp the essence and spirit of these two works; correctly understand the present situation in light of the realities in Guizhou; enhance a sense of urgency in deepening reform and accelerating economic development; correctly handle relations between partial and local interests, on the one hand, and overall interests on the other; make a success of the provincial work to give more support to the national work; correctly handle relations between reform and development; and strive to press ahead with reform and development.

Discussing the implementation of the CPC Central Committee decision, Liu Fangren stated: The central decision is known for its rich and comprehensive content, and provides a total of 50 key guidelines. Given the realities in Guizhou at the moment, we should try to focus on the following aspects in our work:

1. To make every possible endeavor to press ahead with economic work and fulfill this year's provincial national economic quotas, study and make flawless preparations for next year's provincial economic work in accordance with the spirit of the Third Plenary Session of the 14th CPC Central Committee, and ensure a good start in implementing the CPC Central Committee decision and fulfilling the tasks set out by the seventh provincial party congress.
2. To make timely preparations for building a modern enterprise system, as well as a modern market system, and for implementing a series of major reforms, including reforms in the banking, financial, taxation, planning, investment, and foreign trade systems, and so on.
3. To seize each and every opportunity to readjust the economic structure in a timely manner.
4. To mobilize all positive factors and bring into full play the enthusiasm of all quarters concerned.
5. To transform government functions and improve work style of government organs.

Liu Fangren maintained: We should unwaveringly adhere to the principle of firmly grasping two aspects of work at the same time and should strive to safeguard social stability. To this end, at present, we should strive to deepen the on-going anticorruption struggle, step up ideological and political work in a practical way, further improve the comprehensive management of social order, and create a stable social environment favorable to the evolution of a socialist market economy structure in the foreseeable future. In addition, we should step up family planning work and place population growth under strict control.

Liu Fangren stressed: We now have a series of principles, policies, and tasks to follow in furthering Guizhou's

reform and development. The Seventh Guizhou Provincial CPC Congress set out specific goals and basic tasks regarding Guizhou's development in the next five years. At present, we should try to implement all these principles and policies to the letter. Thus all levels and all departments across the province, and especially leading bodies, should carry out pragmatic work by persistently proceeding from actual conditions, adhering to and speaking the truth, and formulating policies in light of actual conditions. The functional departments at all levels across the province also should carry out pragmatic work and should help resolve problems at the grass-roots level. On the other hand, grass-roots units also should make unre-served efforts to improve work, strive in all types of work to achieve tangible results rather than an undeserved reputation, conduct work in a down-to-earth rather than a perfunctory manner, earnestly implement both the letter and the spirit of the Third Plenary Session of the 14th CPC Central Committee, and strive to fulfill all the tasks put forward by the Seventh Guizhou Provincial CPC Congress.

Views Private Enterprises

HK0212061893 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 27 Nov 93

[Text] During his inspection of some Guiyang-based private and nongovernmental enterprises yesterday, provincial party committee Secretary Liu Fangren emphatically called for conscientiously implementing the spirit of the Third Plenary Session of the 14th CPC Central Committee, as well as the spirit of the Seventh Guizhou Provincial CPC Congress. He also called for further emancipating the mind, seizing each and every opportunity, speeding up development with a higher starting point, and creating more famous brands.

Yesterday, provincial party committee Secretary Liu Fangren, Li Wanlu, provincial party committee standing committee member and Guiyang CPC Committee secretary, and a number of other provincial and Guiyang leaders inspected the Guizhou Hanbang Pharmaceutical Company Ltd., Dahua Jewelry Company, Guizhou Luhai Forestry Technology Company Ltd., Guizhou Shenqi Pharmaceutical Company Ltd., Guiyang Longhua Health Care Pharmaceutical Factory, Guizhou Sannei Technology Company Ltd., and other Guiyang-based technologically advanced private and nongovernmental enterprises.

In the Guizhou Hanbang Pharmaceutical Company Ltd., Liu Fangren spoke highly of the enterprise set up by a group of young intellectuals, saying that it had successfully developed new products by virtue of advanced science and technology and proved that science and technology are the primary productive forces. Liu Fangren also urged the enterprise to move from private and independent operation to group operation and joint-stock operation and praised it for having produced perfume with local herbs.

In the Guizhou Shenqi Pharmaceutical Company Ltd., Liu Fangren spoke highly of its new products developed with

advanced science and technology, as well as its fast development with outside assistance.

During his inspection, Liu Fangren repeatedly stressed: The Third Plenary Session of the 14th CPC Central Committee called in no uncertain terms for building a socialist market economic structure. This means that we should adhere to the principle of allowing publicly owned economy to remain as the mainstay and other types of economic elements to coexist and develop.

Liu Fangren expressed the hope that all private and nongovernmental enterprises across the province will strive to create more famous brands, further improve product quality, win over more customers, enter more markets, be braver and bolder in exploration and development, develop a hardworking pioneering spirit, and make positive contributions to Guizhou's publicly owned economy, economic revitalization, people's prosperity, and realization of a comparatively well-off livelihood in Guizhou.

Meets Survey Team

HK0212040293 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 28 Nov 93

[Text] Yesterday afternoon, provincial party committee and government leaders Liu Fangren, Chen Shineng, and Wang Siqui, as well as people in charge of the provincial cultural department and the provincial science and technology commission, held a cordial and frank discussion with all members of a Chinese diplomatic envoy survey team in Guizhou. They listened to suggestions by these diplomatic envoys on Guizhou's development. The Chinese diplomatic envoy survey team arrived in Guizhou on 22 November for a survey and visit. In the past week, they have visited Guiyang, Anshun, Xingyi, and Maogai.

At the discussion, provincial party Secretary Liu Fangren expressed a warm welcome to the survey team on behalf of the provincial party committee and government. Chen Shineng, provincial party deputy secretary and governor, explained to them the construction of railways, highways, airports, waterways, electric power, telecommunications, and other basic facilities in the province, as well as the province's future development plan. While expressing their views, comrades of the survey team said: Our visit to Guizhou enables us to acquire a certain understanding of the province. Guizhou is developing very fast and has strong points and great potential. They raised many sincere suggestions on how the province should conduct propaganda abroad and carry out tourism. Many ambassadors and attaches expressed that, after going back to their posts, they would act as links and offer their advice and suggestions on introducing technology, talented people, and capital to Guizhou and would contribute their efforts to Guizhou's development.

Guizhou Attracts Foreign Funds For Construction

OW3011142793 Beijing XINHUA in English 1343 GMT 30 Nov 93

[Text] Guiyang, November 30 (XINHUA)—Southwest China's Guizhou Province is to adopt a common international practice in using foreign funds to spur on its capital construction.

According to an official with the local government, the practice known as "BOT"—building, operation and transfer—will enable foreign investors to enter into the province's major infrastructure projects, such as power stations, highways and railways.

He said that under "BOT", foreign investors will be given title to the construction of major projects, then manage them for a predetermined period of 15 years or more. In the process, they will provide technology, equipment and management personnel. When the contract expires, the projects will revert to the Chinese side.

Zhang Shukui, vice-executive governor of Guizhou, revealed that the province is to introduce "BOT" for a number of power and transport construction projects, including three power stations with installed capacity of 1.4 million kw and a highway from Guiyang, capital of Guizhou, to Zunyi City, a main sector of a 159.77 km expressway with an investment of 763 million yuan.

As most infrastructures take a long time to show profitable returns, the local government will grant access to foreign investors in some related areas, such as commerce, real estate and advertising along main communication lines.

It will also give priorities to foreign partners if they want to open businesses in other fields.

Zhang said the province will apply flexible measures to projects involving energy and communication.

Experts believe "BOT", an effective way for developing countries to absorb foreign funds, is conducive to channelling money into infrastructure which have been neglected.

Meanwhile, the adoption of "BOT" will give foreign investors access to part of the market formerly monopolized by the government.

They expect a huge influx of money from world-renowned financial groups who have long been eyeing the abundant resources in southwest China.

It is also of great importance in employing the region's energy and raw materials to the full, so as to help alleviate acute shortages across the country, which is witnessing unprecedented development.

Zhang acknowledged that, since most existing foreign-funded enterprises in the province are small, they could not contract for infrastructure projects which demand enormous sums of capital or long-term construction.

The province attracted only 104 million U.S. dollars in foreign investment in 1992.

Earlier this year, an official from the State Planning Commission said the country will use "BOT" in the development of the Chang Jiang river. As part of an overall input of 1,000 billion yuan, the planned foreign investment will reach 10 billion U.S. dollars.

Tibet Builds Nation's Largest Solar Power Station
*OW0112151893 Beijing XINHUA in English 1421
GMT 1 Dec 93*

[Text] Lhasa, December 1 (XINHUA)—The largest solar power station in China has gone into operation in the Tibet Autonomous Region.

The power station, located in Gerze County in Ngari Prefecture, has a generating capacity of 20 kw.

Tibet, which has an average elevation of more than 4,000 meters, enjoys the best natural conditions for generating solar energy in the world.

So far three solar power stations have been built in the region. The other two are in Gegya County in Ngari Prefecture and Lhunzhub County near Lhasa.

The Ministry of Water Resources and Electric Power and the regional government have mapped out a plan for the construction of more solar power stations in the region.

According to the plan, a number of solar power stations will be built in nine counties in northwestern Tibet in the years to come, increasing the solar energy generating capacity in Tibet up to 150 kw.

The nine counties, including Gerze, Gegya, Amdo, Coqen, Zanza, Nyanrong and Ombu, all have limited water resources.

In addition, the construction of another three solar power stations with a total generating capacity of 60 kw have started in the region.

Upon completion of the power stations, northwestern Tibet will have a ready supply of electricity for the first time in its history.

Tibet To Restrict Number of Buddhist Monks, Nuns
*HK0212104893 Hong Kong AFP in English 1009 GMT
2 Dec 93*

[Text] Beijing, Dec 2 (AFP)—Tibetan monasteries will limit the number of monks and nuns admitted into the Buddhist order, as outside influences start to eat away at traditional culture in Tibet, an official report said.

The restrictions, reported by the official magazine CHINA'S TIBET, follow repeated warnings from the Dalai Lama, Tibet's exiled spiritual leader, that Beijing is carrying out a policy of "cultural genocide" in Tibet.

U.S. President Bill Clinton has told Beijing that it must show progress in protecting Tibet's religious and cultural heritage if trading privileges are to be renewed next year.

"In terms of monastery management, we have decided to limit the growth in the number of monks," Gyadain, of the Dajin Monastery in Sichuan province, told the magazine in an interview.

Gyadain said the restrictions, which he said were inspired by the late Panchen Lama—Tibet's most important leader

after the Dalai Lama—were made because "Tibetan monasteries are generally economically poor, with many monks living on alms from worshippers."

"We should strive to support ourselves instead of relying on the masses," he said.

But young monks and nuns, who draw inspiration from the Dalai Lama, have been the most active in an ongoing struggle for Tibetan independence. Scores have been jailed or killed in crackdowns ordered by Beijing.

"Efforts are now being made to improve the quality of monks, since only by doing so can we meet the social needs," Gyadain said.

"The number of monasteries is not an important matter," he said. "What is more important is whether the monasteries spread the word of Buddhism."

Similarly, he added, the number of monks and nuns was "not an important matter," but whether they were pure and observed Buddhist doctrines.

In a separate interview, Qazha, head of the "democratic management committee" of the Tashilhunpo Monastery in Xigaze—the seat of the Panchen Lama—revealed tough new regulations governing monks.

Monks were banned from entering tea houses, restaurants, dance halls and cinemas and were required to ask for leave. Qazha said. Any monk absent for 15 days would be dismissed.

The magazine reported that in Lhasa, the Tibetan capital, traditional ways of life were giving way to an onslaught of Karaoke clubs, dance halls, bars and non-Tibetan restaurants, saying this showed cultural life in Tibet had "improved substantially" since China's reform policies were adopted. It said the changes provided a better environment for investors and tourists from outside Tibet, one of China's most underdeveloped areas.

Exiled Tibetans allege that Beijing is pursuing a policy of encouraging Han Chinese to move into Tibet in a bid to overwhelm the Tibetans. The Dalai Lama fled Tibet in 1959 after a failed anti-Chinese uprising and has since resided in neighboring India. Beijing has rejected his proposals that would give Tibet autonomy except for foreign affairs and defense issues.

The Chinese government claims Tibet has been part of China since the 13th century and has maintained a heavy military presence there since its troops first entered Tibet in 1951.

Meanwhile, Jamyang, abbot of the Labrang Monastery in Gansu province, told the magazine that the reincarnation of the Panchen Lama would be enthroned in time. The Panchen Lama died in 1989 and a search for the boy who inherited his soul, conducted under the supervision of the government in Beijing, has yet to be completed.

A team is to be dispatched next year to conclude the final phase of the search. Beijing says it has the final right of approval.

Tibet Cultural Festival To Exhibit Mao Badges

*OW0112114793 Beijing XINHUA in English 1124
GMT 1 Dec 93*

[Text] Lhasa, December 1 (XINHUA)—The '93 Tibet Yalung Cultural Festival opened today in Zetang, a town in Shannan Prefecture in China's Tibet Autonomous Region.

The valley of the Yalung River in Tibet is the cradle of the Tibet people. The first piece of farmland, first village, first palace and first temple in Tibet were in the valley.

The valley is also the cradle of Tibetan culture, including religion, art, literature, medicine and astronomy.

In recent years, Shannan Prefecture has seen rapid economic development and improvements in people's living standards.

This year, grain output in Shannan Prefecture hit a record.

To promote its opening to the outside world, the prefecture is sponsoring the cultural festival, which features Tibetan singing, dancing, opera, fashion shows, ethnic sports contests and religious art shows.

During the festival, there will also be an exhibition of Mao Zedong badges, a highland barley liquor fair and an auction of fine-breed Tibetan dogs.

The festival organization committee arranged for guests from outside Tibet to make trips to primitive areas and have folklore experiences.

North Region**Beijing Secretary Attends Constituent Group Forum**

*SK0212134193 Beijing BEIJING RIBAO in Chinese
24 Nov 93 p 1*

[Excerpt] On the afternoon of 23 November, Chen Xitong, secretary of the municipal party committee; Zhang Jianmin, chairman of the municipal people's congress standing committee; Li Zhijian and Chen Guangwen, deputy secretaries of the municipal party committee; Meng Zhiyuan, Tao Xiping, and Xu Bingzhong, vice chairmen of the municipal people's congress standing committee, respectively traveled to grass-roots units of the municipality to participate in the activities of constituent groups.

Chen Xitong and Tao Xiping participated in the discussion of the constituent group of Niujie Residents Committee of Niujie Mosque Electoral Ward in Xuanwu District. This group discussion fully carried forward democracy. Constituents positively exercised their right of being masters to responsibly recommend candidates for deputies. They vied with one another in taking the floor. They not only each aired their own views but also consulted with one another. Their views were very concentrate, and the meeting place was filled with warm and harmonious atmosphere.

Chen Xitong said: I am very happy to participate in the discussion of your constituent group today. I am much educated by your discussion. What has impressed me most is that the people's congress system conforms to the reality of China, is the fundamental political system of China, can fully manifest the will and aspirations of the people, and is filled with vitality. At today's discussion, participants have fully carried forward democracy by deliberating and consulting candidates for deputies. All constituents demand that candidates for deputies should wholeheartedly serve the people, be steadfast politically, and persist in socialism under the leadership of the CPC. This fully manifests that our constituents have a high degree of political awareness and extremely value their own democratic rights. That constituents deliberate and recommend candidates for deputies is an earnest election through appraisal. This is of educational significance for candidates themselves and for working personnel of the municipal party committee and the municipal government. This shows that so long as a candidate persists in socialism and wholeheartedly serves the people under the leadership of the CPC, he will garner the trust and support of the people.

Chen Xitong said: This end-of-term election is very important. Deputies shoulder the task of beefing up the economy and ensuring that Beijing will attain the goal of making the people lead a comfortable life three years ahead of schedule. This will be no easy task for us to fulfill the goal of making the people lead a comfortable life three years ahead of schedule and to lay a good foundation for building China into a medium developed country in the next step. We are not only required to fulfill the strategic target of quadrupling the 1980's gross national product, but also required to achieve success in building houses, infrastructure, public health, education, and spiritual civilization. I hope that you will elect good deputies to live up to the trust of the people.

Of the candidates recommended by constituents of Xuanwu District this time, Communist Party members occupy a very large proportion. On behalf of the municipal party committee, Chen Xitong thanked the constituents for their trust in the Communist Party. At the same time, Chen Xitong suggested to increase the number of nonparty deputies and pay attention to the proportion of deputies of Hui nationality and female deputies. Chen Xitong affirmed the responsible work style of the leading cadres engaged in electoral work, the in-depth propaganda work, and the painstaking organizational work. On behalf of the municipal party committee, he expressed heartfelt thanks to all the persons engaged in electoral work in the municipality. [passage omitted]

Beijing Municipal Government Bans Fireworks**Residents Set Off Last Fireworks**

*HK0212061093 Beijing RENMIN RIBAO in Chinese
1 Dec 93 p 1*

[Dispatch by reporter Yan Shigui (7346 0013 6311): "Saying Good-Bye to Firecrackers by Letting Off Firecrackers"]

[Text] Beijing, 30 Nov (RENMIN RIBAO)—During the day I heard some sounds of firecrackers in the distance, and, at night, they became louder. Some fireworks rose in the sky and exploded with a dazzling burst of light, and the air was filled with gunpowder smoke, which irritated my nose.

This phenomenon took place one or two days ago.

"What is happening in Beijing?" Outsiders who came to the capital to do business were puzzled. "It is not New Year's Day or a festival day, so why are they letting off fireworks and firecrackers?"

Even many Beijing residents were perplexed when they heard the firecrackers, but they understood immediately when they recalled what had happened. On 12 October, the Beijing Municipal People's Congress Standing Committee adopted the "Beijing Municipality Regulations on Banning the Setting Off of Fireworks and Firecrackers," which will become effective on 1 December. After this date, fireworks and firecrackers will be prohibited in certain areas.

"Would it be considered a breach of the law if I were to set off firecrackers today?" Some people who were interested in doing just that took their fireworks and firecrackers out of storage and set them off for a moment of satisfaction. "This is our nation's tradition and custom, and today we bid farewell to it!"

Residents support the ban on fireworks and firecrackers. Over the past few years, the problem caused by setting off fireworks and firecrackers became more serious; it not only caused air pollution in the municipality but also posed a threat to people's lives and property. According to the report issued by a relevant department, from the eve of the New Year's Day to the third day of the New Year, every year fireworks and firecrackers hurt people's eyes; several hundred fires were reported; and almost all firemen spent New Year's eve on the roads. The residents hoped that the government can formulate regulations, carry out management, and enable the capital to have a good social order and hygienic environment.

After several rounds of deliberation, the "regulations," which incorporated opinions from various quarters, were promulgated eventually. Mayor Li Qiyuan said the matter had been passed by the municipal people's congress standing committee, and that it should be grasped as a major issue so as to implement it effectively and protect the dignity of the regulations. Those who violate the "regulations" will be punished.

The sounds of fireworks and firecrackers, which annoyed the population, diminished and died out as the night fell.

Ban Enforced, Three Fined

HK0212061493 Hong Kong AFP in English 0435 GMT
2 Dec 93

[Text] Beijing, Dec 2 (AFP)—Beijing has wasted no time in enforcing a new ban on fireworks.

Police fined three people 200 yuan (35 dollars), for many the equivalent of a month's salary, in the early hours of Wednesday when the ban took effect, the Beijing Daily reported Thursday.

Under the ban, fines range from 100 yuan to 20,000 yuan, with serious offenders facing up to 15 days in jail or even criminal proceedings.

Opponents of the ban spent the final days leading up to Wednesday setting off all remaining fireworks and firecrackers, which are traditionally used to celebrate holidays, especially the lunar new year's Spring Festival.

Beijing authorities have announced that police patrols at the next Spring Festival will be stepped up to guarantee the ban is respected. The ban was prompted by safety concerns.

Inner Mongolia Sees Growth in Rural Economy

OW0112095493 Beijing XINHUA in English 0527
GMT 1 Dec 93

[Text] Hohhot, December 1 (XINHUA)—North China's Inner Mongolia Autonomous Region enjoyed another record harvest this year, with the total grain output rising by 5.9 percent over last year to 11 billion kg.

Thanks to efforts made during a drive for comprehensive farm development since 1989, the output of grain has surpassed 9.5 billion kg for four years running.

The region invested a total of 750 million yuan to develop new zones for farming, animal husbandry and afforestation in its 40 counties, including the big grain-production ones in the Liaohe River Plain and Hetao Plain on the middle reaches of the Yellow River.

It has improved 267,000 ha of low-yield farmland and grassland, and reclaimed 60,000 ha of wasteland.

In addition, the region plans to build a vegetable-supply base in its eastern part, which is expected to produce over two million kg of vegetables when it is completed in 1994.

Inner Mongolia's Industrial Accidents Increase

SK0112064993 Hohhot NEIMENGGU RIBAO in
Chinese 18 Nov 93 p 1

[By Reporter Wang Jie (3769 3381) "Apply Resolute Measures to Preventing Serious and Appalling Accidents"]

[Text] The autonomous regional people's government sponsored an emergency telephone conference on 17 November to urge various leagues and cities to adopt realistically effective measures to resolutely implement the demands put forward by the State Council and the autonomous regional people's government with regard to rapidly preventing the occurrence of serious and appalling vicious accidents to ensure safe production.

Our region as elsewhere in the country has frequently incurred various accidents this year. The number of injuries and deaths has steadily increased and the situation in

safe production has become serious. According to the analyzed data compiled by the relevant departments with regard to the situation in safe production, first, the increased scale of accidents encountered by industrial and mining enterprises has been large. During the January-September period this year, the region's industrial and mining enterprises incurred 375 accidents with deaths, which showed a 50 percent increase over 1992. These accidents caused 464 persons dead, which showed a 69 percent increase over 1992. Second, serious and appalling accidents with injuries and deaths have frequently occurred this year and the number of such accidents has been the largest over the past decade. Most accidents have been encountered by construction enterprises and proved that construction enterprises not only are apt to incur more accidents but also have serious problems. The elevator rack at the construction site for the first phase project of Dalate power plant in Ih Ju League collapsed on 21 March this year. During the accident, 16 persons were dead and two were injured and the economic losses caused by the accident reached more than 600,000 yuan. In addition, fire accidents have also frequently occurred and the region's number of traffic accidents has remained large. Particularly since October this year, various serious accidents have continued to occur.

In coping with these problems, Yun Bulong, vice chairman of the autonomous regional people's government, delivered a speech at the emergency telephone conference. He said: Leading comrades in various localities and departments must pay attention to the current situation in safe production and the existing problems in this regard and adopt powerful and practically feasible measures to make a success in the work of maintaining safe production and to reduce on a large scale the number of accidents. In line with the national situation in this regard, the state sponsored an emergency telephone conference on safe production on 30 October this year. In order to implement the spirit of the national emergency telephone conference, we should grasp the work of safe production by regarding it as a prominent and big event and score marked results in the work.

He urged leading personnel in various localities and departments to first deal with the problems related to understanding and to fully discern that safe production represents an important guarantee of the economic work and that the foothold for grasping safe production lies in protecting and serving the center of economic construction. He also urged governments at all levels and their relevant departments to earnestly analyze the reasons for the worse situation in safe production, to put forward effective measures or methods to improve the current situation and to reduce the number of accidents with injuries and deaths, and to formulate specific steps for vigorously implementing these measures and methods. In enforcing the measures and methods, they should grasp the key problems; adopt a resolute attitude toward the enforcement; and assign full-time personnel in charge of the enforcement of these measures and methods. They should also have their units be responsible for their subordinate organs in the enforcement, conduct regular inspection over

the enforcement, and hold report meetings on the progress in the enforcement. Those that have not implemented these measures and methods should be called to account.

He contended that judging from the accidents that had occurred this year, the management over safe production had been weak among township collieries; in the construction sites; in the road traffic; and among the warehouses of dangerous, inflammable, and in explosive materials. The hidden dangers of accidents and problems that can cause accidents have been more than before. All of these represent a weak link in our work and also a focal point held by us for our work of safe production in the current or certain next period. Governments at all levels and their relevant departments should adopt resolute measures to clear up and consolidate the safe production. He stressed that various localities should strictly investigate the reasons of cases and strictly handle the cases. While extensively and deeply conducting the propaganda and educational activities for safe production, we should change the passive situation in safe production as soon as possible so as to ensure the sustained and healthy development of the region's economy.

Tianjin Secretary on Township Enterprises

SK0112055093 Tianjin People's Radio in Mandarin
2300 GMT 30 Nov 93

[Text] From 29 to 30 November, the municipal government held a meeting of town and township enterprises to conscientiously implement the guidelines of the national town and township enterprise work conference to discuss ways for further speeding up the development of town and township enterprises.

Gao Dezan, secretary of the municipal party committee, stressed in his speech: Speeding up the development of town and township enterprises is an urgent need for rejuvenating the rural economy of Tianjin as well as a key breakthrough in promoting the overall economic development of Tianjin. At present, our municipality enters a new stage of developing town and township enterprises. Thus, we should grasp favorable opportunities to deepen reform, optimize structures, speed up development, elevate the municipality's town and township enterprises to a new high, and to make new contributions to developing the rural economy and rejuvenating the economy of Tianjin.

He said: Since the beginning of this year, party and government leaders at various levels in the municipality have conscientiously implemented the guidelines of the instructions of the municipal party committee and the municipal government; guided the broad masses of cadres and people in the rural areas to positively keep forging ahead, bravely do pioneering work, and overcome difficulties despite the sharp market competition; and kept a good trend of developing town and township enterprises. As of the end of September, the output value of the town and township enterprises in the municipality reached 29.3 billion yuan, and their profits reached 2.3 billion yuan, respectively increasing by 56.9 percent and 49.6 percent compared to the same period of last year. The output value

of the township-, village-, and combined household-run industrial enterprises increased by 11.98 billion yuan. This increase accounted for 68.9 percent of the net increase in the municipality's industrial output value.

Gao Dezhan stressed in his speech: We should fully understand the important significance in speeding up the development of town and township enterprises. Developing town and township enterprises is an urgent demand for rejuvenating the rural economy of the municipality as well as a key breakthrough in promoting the overall economic development of the municipality. Town and township enterprises are the largest new economic growth points of the municipality with the prospects for speeding up the economic development of the municipality. The leaders at various levels, all departments, all districts, and all counties should think over the development of town and township enterprises in line with the general plan for the overall economic development of Tianjin, ideologically pay high attention to it, regard it as a key task related to the development of the overall situation of the municipality, and realistically attend to it.

Gao Dezhan pointed out: The year 1994 is a key year to speeding up Tianjin's development. We should take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the guidelines of the 14th Party Congress as guidance; conscientiously implement the guidelines of the Third Plenary Session of the 14th Party Central Committee; and make bigger strides for setting up the socialist market economic system, developing the economy, and strengthening the improvement of the spiritual civilization. It is necessary to further speed up the development pace. We should realistically strengthen agriculture's role as the foundation of the national economy; develop high-yield, high-efficient, and good-quality agriculture; rejuvenate the rural economy; continue to increase the peasants' income; and realistically rejuvenate the rural economy. The most urgent and important task for achieving this is to speed up the development of town and township enterprises. To develop town and township enterprises, we should not only pay attention to [words indistinct] but also deepen the restructuring work to increase economic results.

At the meeting, Zhu Liankang set forth opinions on the work of town and township enterprises.

Northeast Region

Heilongjiang Secretary Views CPC Decision

SK3011083593 Harbin HEILONGJIANG RIBAO in Chinese 18 Nov 93 pp 1, 3

[“Excerpts” of the speech made by Sun Weiben, secretary of the provincial party committee, at the “enlarged” standing committee meeting of the provincial party committee on 17 November: “Implement the Guidelines of the Third Plenary Session of the 14th CPC Central Committee and Promote the Development of the Province’s Reform and Construction”]

[Text] The Third Plenary Session of the 14th CPC Central Committee adopted “The CPC Central Committee’s Decision on Several Issues of Establishing the Socialist Market Economic System.” This is another session having great significance and far-reaching influence on party history. Successfully relaying and implementing the guidelines of this session is of extremely great significance to promoting the development of the province’s reform, opening up, economy, and society.

To successfully study and implement the guidelines of this session, I set forth the following three demands:

1. We should fully understand the great significance of the “decision” and conscientiously study and comprehend the guidelines of the “decision.”

“The CPC Central Committee’s decision on several issues of establishing the socialist market economic system,” adopted by the Third Plenary Session of the 14th CPC Central Committee, is a programmatic document to guide the whole party and the whole people to establish the socialist market economic system and to build socialism with Chinese characteristics. Just as noted by the communique of this plenary session, “this decision has systemized and substantiated the goals and the fundamental principles on economic structural reform defined by the 14th CPC National Congress, is an overall plan for building China’s socialist market economic system, and is the guiding principle for carrying out economic structural reform during the 1990’s. Thus, this decision will certainly exert great and far-reaching influence on China’s reform, opening up, and socialist modernization.”

This decision has sketched the framework of the theory of the socialist market economy and has indicated that China’s economic structural reform has developed from the exploration stage to the dynamic promotion stage. China’s reform is a pioneering cause without parallel in history, without any ready-made theoretical guidance, and without any successful experience to learn from. In carrying out reform, the party has been guiding the people to go forward in practice through explorations. In particular, in approaching the relations between plans and markets and in choosing the goals and modes of reform, the party has conducted repeated practices and comparisons. The sixth plenary session of the 11th CPC Central Committee called for carrying out the planned economy and, at the same time, exploiting the supporting role of market regulation.” The 12th CPC Congress set forth the principles of regarding the planned economy as the main part and regarding market regulation as the supplement. The Third Plenary Session of the 12th CPC Central Committee called for developing the planned commodity economy. The 13th CPC Congress set forth the “system on internal unification of plans and markets.” And the fourth plenary session of the 13th CPC Central Committee called for combining a planned economy with market regulations. Comrade Deng Xiaoping’s speeches on the expositions of plans and markets, made during his south China trip, and the outlines of the theory of the socialist market economy, set forth by the 14th CPC Congress, have broken, once and for all, the

forbidden zone of the traditional socialist theory and have laid a foundation for the theory of the socialist market economy. In accordance with Comrade Deng Xiaoping's speeches and with the guidelines of the 14th CPC Congress, this decision has pooled the wisdom of the whole party and has systematically expounded the intension of the socialist market economic system, the fundamental criterion for judging the right and the wrong, the gains and losses of reform, the structure of ownership, the forms of distribution, the system of markets, the formation mechanism of prices, and the theory of macroeconomic regulation and control, thus giving rise to a framework of the theory of socialist market economy that not only manifests the essence and characteristics of socialism but also reflects the general law of the market economy. In particular, the decision has made breakthroughs for the traditional socialist theory on the issues of the modern enterprise system, the property rights relations of state-owned enterprises, the production element markets, and the labor force markets, thus enriching the treasure-house of the theory of building socialism with Chinese characteristics. The decision indicates that through more than 10 years of exploration and practice, China's reform has already embarked on a dynamic promotion stage provided with theory, goals, and guiding principles.

The "decision" draws the framework of the socialist market economy system and indicates that China's economic structural reform has developed from a period for promoting single-project reform while making breakthroughs in key areas into reform in all sectors. Reforms in the past, on the whole, were meant to achieve breakthroughs in some projects and gradually extend them to meet the objective demand on the development of productive forces. Great achievements acknowledged by the world have been won both in rural household-based contracts and in price reform. Due to a lack of supporting reform measures, however, the reform designed to change government functions and establish the macroeconomic management system lags behind seriously, resulting in difficulties in enterprise reform. The "decision" draws an overall design for the socialist market economy in such inter-related and mutually conditioning links as the modern enterprise system, state-owned asset management system, market system, government functions and macroeconomic regulating and controlling system, income distribution system, social security system, rural reform, opening to the outside world, scientific and technological system and educational system, and legal system. Operated in line with this design, China's reform will enter a new stage in which breakthroughs are achieved in key areas to promote the whole situation and supporting measures are adopted to facilitate the whole work. In this way, we will be able to solve the many problems that exist gradually in the period when new and old systems exist simultaneously, such as the lack of regulation and standardization and separation in administration resulting from the system of contracted financial responsibility at different levels and managerial contracts, which, though, has helped strengthen the interest incentive mechanism of localities and enterprises; the unequal policies and conditions for

different localities, different ownerships, and different enterprises resulting from the promotion in single-project reform and breakthroughs in certain areas, which, though, has played an exploration and demonstration role; and the disconnection from the international practice resulting from the reform measures based on the national and local realities, which, though, has promoted the development of productive forces.

The "decision" formulates the overall plan and program of action for the establishment of the socialist market economy system in the initial form by the end of this century and indicates that China's economic structural reform has developed from the period for accumulation of quantity to one for leap in quality and more rapid progress. The reform in the past dozen years was one conducted on the track of the planned economy and with the guidance of the market to continuously accumulate the factors for the new system in the process of progress. Based on this, the "decision" puts forward the historical task of establishing the socialist market economy in the initial form by the end of this century and the guiding thoughts and basic principles for realizing this task puts forward the arrangements for establishing a modern enterprise system in the near future and promoting reform in various fields, and puts forward the arrangements that conform to economic structural reform, for the reform of the scientific and technological system, educational system, and political system and for improvement of the legal system, party building, and the building of the spiritual civilization. According to these arrangements, China's reform will realize a greater degree of transition to new systems in certain links and realize a leap in quality. For example, enterprise reform will effect a change from a general managerial contract system to new ideas in systems and establishment of a modern enterprise system; the monetary system will be changed from one of allocation of funds to one of allocation of loans; the financial and tax system will be changed from one of "keeping separate accounts" into a standardized tax distribution system; and the investment system will be changed from one characterized by the "big common pot" decided and taken care of by the government into a new track with numerous investors, in which those who make decisions and investment will have the ownership right and have to hold responsibility and take risks. With the issuance of the "decision" as the turning point, it can be predicted that a new stage of accelerated development will emerge in China's economic structural reform.

Regarding the "decision" which is a programmatic document, party committees at all levels must conscientiously organize people to study it and deeply understand the essence of the guidelines in an effort to enhance the reform consciousness and farsightedness of leaders. In the course of study, we must pay attention to three combinations:

We must combine the study of the "decision" with Volume 3 of *Selected Works of Deng Xiaoping*. The socialist market economic theory is the core of Deng Xiaoping's economic theory and one of the issues which the Volume 3 of *Selected Works of Deng Xiaoping* has

discussed most. Comrade Deng Xiaoping's thesis on the nonexistant fundamental contradictions between socialism and the market economy, the thesis that the planned economy and the market economy are not the basic characteristics of the social system, and the thesis that planning and the markets are the means for distributing natural resources in society have laid a theoretical foundation for the socialist market economy. Only by studying Deng Xiaoping's economic ideology well can we understand the essence of the "decision" guidelines from a higher plane.

We should combine the study of the "decision" with the study and mastery of all reform programs issued successively by the central authorities. If we say the "decision" is the overall plan for deepening reform, then, the system's reform programs which will be issued by the central authorities soon, including the modern enterprise system, the plan on building the market system, the financial, taxation, banking and investment plans, and the foreign trade system, will be the blueprints for the work. Only by promptly studying and grasping all reform specific programs well can we be able to have schemes for our work beforehand and gain initiative in our hands.

We should combine the study of the "decision" with the efforts of further emancipating the mind and renewing concepts. At present, many of our ideologies and concepts are still incompatible with the situation of deepening reform. For example, in the past we developed the work of reducing taxes and letting the people share more profits in order to eliminate difficulties and seek development. In the future, this issue will no longer exist in the course of implementing the revenue-sharing system and the enterprise modernization system. Partiality for a particular type of policy will not work. We must change these policies. Another example can be found in the former practice by local governments at all levels of mainly relying on the methods of mandatory plans, administrative procedures, tax reduction and exemption and distribution of loans in economic regulation and control. In the future, these methods must be abolished or be greatly reduced in scope. This requires efforts on our part to establish a concept of mainly conducting indirect regulation and control and to explore and seek a new means and form of regulation and control. As a further example, the concept on mixed ownership systems, such as the state-owned and state-run ownership system, the state-owned and people-run ownership system and the people-owned and people-run ownership system, the concept of turning the past practice of mainly managing the real state-owned assets into mainly managing the value, selling part of the property rights of state-owned assets and promoting the flow, reorganization and value increase of state-owned assets, and the concept of separating the ownership right of the state-owned assets from the property rights of the legal person must be established in enterprises in the course of practice through the study of the "decision," emancipation of the mind and the change of concepts.

2. We should conscientiously study the opportunity and challenge in our province caused by the issuance of the "decision."

Plans will be carried out. The comprehensive implementation of the "decision," the issuance of all major reform measures, such as the banking, financial and taxation measures, in particular, will influence, bring impact on and bring opportunities and difficult problems to the entire society (including governments at all levels, all enterprises and each and every member in society). Our party committees at all levels should predict the influence, seize the opportunity, greet the challenge, and strive to gain the initiative.

Judging from the general situation, as far as Heilongjiang Province which is deeply shackled by the traditional planned economic system is concerned, the issuance of the "decision" will create a favorable environment and conditions for fundamentally solving the in-depth contradictions that restrict economic development and provide historical opportunity.

Reducing the number of mandatory plans, further relaxing control and rationalizing the prices of the means of production and gradually abolishing the dual-track system will enable our province's money-losing resource-typed industry to change into a profit-making one and to change its "lifeless aspect" into a "lively aspect."

Implementing reform of the financial, taxation and banking system will block the way of the local governments and departments in reducing taxes due to administrative reasons, in offering more profits to investors and in the distribution of funds, help to set norms for the relations between the central and local authorities, enhance the state's ability in macroeconomic regulation and control, radically cure the chronic malady of eagerness for investment and redundancy in construction projects and enable the national economy to end the cycle of "a deadlock following the rigid control and chaos following the relaxed control;" help to set norms for the relations between administrative units and enterprises, thoroughly end the breaking-up situation, and enable enterprises which are the main bodies of the market to free themselves from the administrative control of local authorities and departments; and help to solve the problems of market barriers and blockade and rapidly form a united, open and orderly market system.

Carrying out reform of the modern enterprise system, separating government functions from enterprise management, separating the ownership right of state-owned assets of enterprises from the property right of the legal persons, allowing the coexistence of various economic sectors and mixed ownership, coordinating the work of giving social welfare benefits and the work of selecting superior enterprises and eliminating inferior ones will help to form interest incentive and risk-taking restrictions for state-owned large and medium-sized enterprises. Furthermore, reform of the financial, taxation and banking systems, a strong external pressure will be formed and enterprises will

be forced to enter the markets and will become "independent enterprises assuming sole responsibility for their own profits and losses, setting restrictions for themselves and developing through their own efforts."

Safeguarding the interests of peasants, stabilizing the family-based output-related contract system, keeping a definite amount of grain, relaxing control over the prices and raising the purchasing prices, allowing agents to export grain at negotiated prices and developing the shareholding cooperation system will turn the burdens of such a large grain producing province as ours into wealth.

Entering the world market in line with international practices, participating in international sharing of work and cooperation and promoting the "grafting" of state-owned large and medium-sized enterprises, in particular, will help to combine all advantages of our province's large and medium-sized enterprises with foreign capital, technology, equipment, management and marketing channels and revitalize the old industrial base.

Thanks to the state's pooling of financial resources and the institution of financial refunds and transfer payment, a province like ours where the economy's state-owned sector and basic industries are concentrated is expected to win greater support from the state as long as it achieves success in work.

These opportunities show that Heilongjiang's reform and economic development have again come to an important historical turning point. Whether we can seize the opportunities and use them well will also be a severe test for us.

Meanwhile, we should also note that the series of important reform measures stated in the "decision" will create some new problems and difficulties in the province. We should give great attention to them, take them seriously, and resolve them by accelerating the establishment of the new system and new order of the socialist market economy. Regarding this issue, we should never be like Lord Ye's love of dragons—thinking of and expecting reform all the time but feeling helpless once major reform measures are issued. It is hoped that leading comrades of all localities and all departments will conduct forecast and study in advance based on their reality, carry out work early, and develop reform and the economy with the new ideas and new methods put forward in the "decision."

3. We should conscientiously strengthen leadership and meticulously organize the implementation of the various measures for deepening reform put forward in the "decision."

Seizing the opportunity to implement the "decision," deepen reform, and facilitate development is a task of prime importance for party organizations at all levels in the province. We should conscientiously strengthen leadership and make meticulous organization and arrangements.

We should conduct intensive ideological education to ensure the comprehensive implementation of the "decision." Implementing the "decision" to establish the socialist market economy system will inevitably change the unreasonable pattern of interests that exists in the old systems and the transformation of systems and will inevitably involve adjustments of the power and interests of the central and local authorities, enterprises, and various interest groups. Therefore, we should intensify party propaganda and education, remove in a timely manner the various ideological obstacles exposed in the process of reform, maintain a high degree of unity of the entire party in ideology, politics, and action, subject local interests to overall interests and the entire party to the party Central Committee, strictly abide by discipline, carry out orders and prohibitions, and then ensure the smooth implementation of reform measures and comprehensive implementation of the "decision."

We should do a better job in coordinating with and reporting to the various central departments and winning their understanding and support. The finance department, tax bureau, commission for restructuring of the economy, and monetary department have actively coordinated with various central departments, made reports to them, and won their valuable understanding and support. We should never slacken efforts in this work. The "decision" has been issued, and major principles have been defined. Efforts are also being stepped up to formulate specific plans for distribution of interests, detailed regulations on implementation, methods for operation, and measures for connection during the transition. We should visit and report to central departments more frequently to make the various departments of the party Central Committee and the State Council understand our provincial situation so as to win more of their understanding and support.

We should conscientiously study and draw up measures for next year's reform. Not long ago, the provincial party committee and the provincial government organized eight teams to inspect enterprises, financial and tax work, planning work, investment, rural areas, social guarantee, foreign economic relations and trade, and housing work and also established a general investigation team by pooling the forces of the investigation and study departments of the provincial party committee and the provincial government. This work should be done in a practical, resolute, and painstaking manner in order to achieve results as early as possible. Particularly, we should be even more meticulous in investigating and studying certain major issues, like the issue of the financial and tax system adopted by the province for various cities, prefectures, and counties; the issue of readjusting the emphases of economic work and production setup with focus on increasing localities' dynamics in earning and accumulating money; the issue of differentiating the loans of a policy nature and the loans of a commercial nature and the operation of these two kinds of loans; the issue of granting loans to coal, timber, oil, and

military industrial trades and to the enterprises having the hope of halting deficits; the issue of organizing and developing urban and rural cooperative banks and other local banking organs; the issue of developing the direct money-lending channels based on the shareholding system and opening up money-lending channels at home and abroad; the issue of vigorously strengthening the reserves for winning key construction projects; the issue of establishing the system under which enterprise owners assume overall responsibility for making plans, raising funds, production and management, repaying loans in capital and interest, and ensuring the value and adding the value of assets; the issue of reorganizing, transforming, and collectivizing large and medium-sized state-owned enterprises; the issue of carrying out a large-scale shareholding cooperative system among small and medium-sized state-owned enterprises and merging, leasing, selling, transferring, and declaring the bankruptcy of these enterprises; the issue of managing state-owned assets; the issue of building the market system; the issue of deepening rural reform, particularly the reform of the grain purchasing and marketing system; the issue of social guarantees; the issue of absorbing foreign investment and expanding the scale of opening up; and the issue of housing reform. In this regard, we should link ourselves with higher authorities, use the experiences and methods of fraternal provinces and municipalities for reference, and solicit opinions from all sides. We should work out programs on this basis and offer them to the provincial party committee and the provincial government for policy decisions. All cities and prefectures should also organize forces to investigate and study in line with their respective realities and devise their reform measures for the next year.

We should persist in the principle of taking a two-handed approach and provide strong and effective social guarantees for in-depth reform. Accelerating the construction of the socialist market economic system in line with the guidelines of the "decision" is a change of historical and fundamental significance. At this moment, we need the strong leadership of the party and a strong social and political guarantee all the more. At present, the vast numbers of the masses have a strong complaint about the negative and corrupt phenomena within the party. Some trades and enterprises cannot pay wages normally, and staff and workers are confronted with grave difficulties in their daily lives. Hostile forces at home and abroad are also strengthening the activities of "westernizing" and "disintegrating" our country. Furthermore, the introduction of major reform measures will unavoidably produce some social shakes. Under such a situation, we must always persist in the principle of taking a two-handed approach, that is, carrying out reform and opening up with one hand and punishing the corrupt with the other hand; grasping economic development with one hand and social stability with the other hand; and strengthening the building of material civilization with one hand and the building of the party, spiritual civilization, democracy, and the legal system with the other hand. We should actually strengthen and improve party leadership, maintain close ties with the

masses, and fully mobilize and organize the masses to plunge into reform to ensure the smooth progress of reform.

Northwest Region

Gansu Congress Standing Committee Meeting Ends

HK3011135793 *Lanzhou Gansu People's Radio Network in Mandarin* 2300 GMT 27 Nov 93

[Text] The sixth session of the eighth provincial people's congress standing committee concluded in Lanzhou yesterday afternoon, according to a report from this station's reporter, Dai Chunze. Its chairman Lu Kejian presided over and delivered a speech. Attending the meeting were Vice Chairwoman Jamoyang Losang Jigme Tubdain Qoiigui Nyima, and vice chairmen Wang Jintang, Mu Yongji, and Yao Wenchang. The session adopted the Gansu Provincial Regulations on the Comprehensive Improvement of Social Order, Measures of Gansu Province for the Protection of the Handicapped, Measures of Gansu Province for Supervising and Control of Peasants' Financial Burdens and Labor Service, the Decision of Gansu Provincial People's Congress Standing Committee on Planning for 1993-1997 Legislation, the Resolution of the Gansu Provincial People's Congress on Further Implementing the Regulations on Control Over Medicines, and Strictly Banning the Marketing and Utilizing of Fake and Inferior Medicine, and a decision on personnel reshuffles.

Also attending the session were provincial people's congress standing committee members including Yang Fuxin, Liu Yuhan, Vice Governor Cui Zhenghua, and leading members of relevant departments as nonvoting delegates. Eleven citizens sent by the provincial federation of workers' trade unions, Communist Youth League, and federation of women as well as democratic parties took the visitors' seats.

Decisions on the personnel reshuffle are as follows:

Decision on the list of removals from office of the Eighth Gansu Provincial People's Congress Standing Committee adopted by the Sixth Session of the Eighth Provincial People's Congress Standing Committee on 27 November 1993: Wang Jun is removed from the office of director of the Gansu Provincial Metallurgical Industry Department.

Decision on the list of appointments to office of the Eighth Gansu Provincial People's Standing Committee adopted by the Sixth Session of the Eighth Provincial People's Congress Standing Committee on 27 November 1993: Liu Hongke is appointed to the office of director of the metallurgical industry department.

Ningxia Region 'To Double' Irrigated Area

OW0212090293 *Beijing XINHUA in English* 0719 GMT 2 Dec 93

[Text] Yinchuan, December 2 (XINHUA)—Northwest China's Ningxia Hui (Muslim) Autonomous Region plans to double its irrigated area in 30 years.

The project, which will bring its total irrigated area to 600,000 ha, requires an investment of three billion yuan, local officials said.

A group of experts sent by the National Comprehensive Agricultural Development Office expressed support for the plan after they carried out an on-the-spot investigation there not long ago.

The plan is centered on the prosperous Hetiao Plain, an irrigated area on the middle reaches of the Yellow River.

According to Zhang Junchao, director of the Comprehensive Agricultural Development Office of Ningxia, under the plan, which was first initiated in 1990 for making a full use of the water resources of the Yellow River and the rich land resources of Ningxia, the autonomous region plans to use 11 years from 1994 to 2005 to improve in the Hetiao Plain 167,000 ha of middle- and low-yielding farmland and open up 100,000 ha of wasteland, bringing the total area of land under irrigation to 447,000 ha in the Hetiao area.

In the second-phase development, the autonomous region also plans to use another 14 years and upgrade 66,700 ha of low-yielding land in Hetiao zone and reclaim 153,000 ha of wasteland, also in the Hetiao Plain, by co-operating in the building of a large hydropower station.

According to Zhang, also deputy head of the Ningxia Bureau of Water Conservancy, when this plan is fulfilled, the whole Hetiao region will be able to produce 1.7 billion kg of commodity grain and create 13 billion yuan in total agricultural output value.

At the same time, it will also be able to provide other parts of Northwest China and the Xinjiang Uygur Autonomous region with huge amounts of raw materials, and agricultural, forestry and animal husbandry products, as well as support construction of bases for energy and the heavy and chemical industries in those areas.

Moreover, the new Hetiao zone by that time will be able to accept resettlement of 300,000 farmers from poorer areas in the locality.

The project has been submitted to the State Council, China's highest governing body, for further approval, said the director.

Ningxia, where most of China's Muslims live, has a population of 4.82 million and a total area of 66,000 sq km.

Xinjiang Paper Discusses 'Primary Organizations'

OW3011152793 Urumqi XINJIANG RIBAO in Chinese 11 Nov 93 p 1

[By unidentified staff commentator: "Further Strengthen Primary Organizations in Farming and Pastoral Areas"]

[Text] Our region primarily consists of farming and pastoral areas. Primary organizations in those areas are the party's leading cores and fighting bastions among grassroots social organizations, the basis of the party's entire work and fighting capacity, and bridges and bonds that link the party directly to the masses. Effectively strengthening primary organizations in farming and pastoral areas

is of paramount significance to enhancing the party's fighting capacity; improving the overall functions of supplementary organizations; and ensuring and promoting deeper reform, economic development, and overall social progress in farming and pastoral areas.

Primary party organizations in our region's farming and pastoral areas have undergone varying degrees of changes since reform and opening up, particularly since socialist ideological education was launched in rural areas more than three years ago. Most party organizations and party members are good or fairly good. They have contributed to building new socialist rural areas with Chinese characteristics by upholding the party's basic line; by earnestly implementing the party's various principles and policies; by enthusiastically leading party members of all nationalities, peasants, and herdsmen toward prosperity through poverty relief efforts; by rigorously developing the rural economy; by actively safeguarding national unity and social stability; and by serving as fighting bastions in promoting material and spiritual civilization. While fully affirming these achievements, we should also clearly recognize the existence of unignorable problems in primary organizations in our region's rural areas. For instance, some party organizations show weak and lax leadership, and party members and cadres in some primary organizations lack a pioneering and innovative spirit because they hold outmoded ideas. Some primary party organizations have failed to take strong measures against actions and speeches that undermine national unity and split the united motherland. The age of party members in farming and pastoral areas is unduly high while the educational levels are unduly low. Some party members are lax in discipline and poorly motivated. These problems, if not solved properly, will not only hamper rural economic development but will also jeopardize stability in rural areas, erode and shake our party's foundation in the countryside, and jeopardize the party's cause.

Another issue that merits attention is that we are currently facing new circumstances and new tasks in building a socialist market economy and in accelerating reform, opening up, and socialist modernization. Given Xinjiang's large agricultural sector and vast rural population, agriculture and the rural economy occupy particularly important places in the regional economy. Regional economic development largely depends on the development of the rural economy. The regional economy cannot be expanded without agricultural and rural economic development. In the new situation arising from the establishment of a socialist market economy, Xinjiang faces many new contradictions and problems pertaining to agriculture and the rural economy. The resolution of these contradictions and problems directly affects smooth progress in rural reform, rural economic development, and overall stability in rural areas. Quite a few primary organizations in farming and pastoral areas have yet to accommodate the new situation emanating from the development of a socialist market economy, in terms of thinking, organizational structure, leadership skills, and working methods. A substantial number of cadres with party membership do not understand the meaning of the socialist market economy and the

reasons for developing such an economy in farming and pastoral areas. This situation illustrates the need for earnestly strengthening primary organizations and for organizing grass-roots cadres and party members to study and master the basic viewpoints regarding the theory of building socialism with Chinese characteristics, to learn and master the basics of socialist market economics, and to foster and promote new concepts suited to the socialist market economy, with a view to building primary party organizations in farming and pastoral areas into powerful cores that lead peasants and herdsmen in a joint quest for a relatively well-to-do standard of living.

Xinjiang is situated on the northwest border of the motherland, a location which is strategically very important. The countryside serves as the basis of stability and lasting peace in Xinjiang. Only by strengthening primary organizations in farming and pastoral areas can we provide strong and effective guarantees for lasting peace in Xinjiang. National splittism is a reality in Xinjiang; it is the primary danger that affects Xinjiang's stability. As long as we are determined to strengthen primary organizations in farming and pastoral areas, we can unify peasants and herdsmen of all nationalities in adamantly battling against activities of sabotage inspired by national splittism. This will safeguard social and political stability in farming and pastoral areas and create a favorable social environment for deeper reform and economic development in those areas.

Moreover, we can further consolidate the socialist front in rural areas and implement the party's various principles and policies toward those areas if we build up the rallying and fighting power of party organizations into a combined force, with party branches as the core, and improve the overall functions of supplementary organizations at the grass-roots level through the construction of stronger primary organizations in farming and pastoral areas.

Strengthening primary organizations in farming and pastoral areas is an important step and a practical action toward implementing the guidelines of the rural work conferences of the party Central Committee and the autonomous regional party committee. The autonomous regional party committee has decided to improve primary organizations in farming and pastoral areas throughout the region, in different stages and different groups, over the next three to five years. The recent special working conference on primary organizations in farming and pastoral areas in the autonomous region laid down concrete plans. Party and government leaders at all levels must recognize the important implications of this task from the vantage point of the strategy, which the central authorities have repeatedly emphasized and which asserts that "agriculture, rural areas, and peasants have always been fundamental issues that affect our party and state's overall interests."

They must heighten their sense of urgency and strengthen primary organizations in farming and pastoral areas in accordance with the regional party committee's unified plans, taking this effort as the party's major and pressing task in farming and pastoral areas. They must carry out this task relentlessly and effectively to make it a success; to ensure smooth progress in reform, opening up, and modernization in farming and pastoral areas; and to lay a sound organizational foundation for accelerating the quest for a relatively well-to-do standard of living in farming and pastoral areas.

XINJIANG RIBAO Plans Changes for 1994

OW0212093493 Urumqi XINJIANG RIBAO in Chinese
26 Oct 93 p 1

[Text] Dear readers, in selecting newspapers for subscription, you must be very curious about what kind of changes XINJIANG RIBAO will make next year. To meet the needs of establishing a socialist market economic structure and satisfy the needs of our readers of different nationalities, the newspaper's Chinese edition will have eight pages in folio every Wednesday and Saturday and four pages for the rest of the week, beginning 1 January 1994. The newspaper, in all of its four different language editions, will continue to correctly guide public opinion, do a good job of reporting major news stories, and amplify commentaries to enhance its authoritativeness as a party newspaper. At the same time, it will focus on expanding news coverage and increase the volume of information to make it more readable. It will strive to give the newspaper a character of its own and make it more lively and colorful as well as appealing to different tastes so that readers at different levels will like to read it. The newspaper's Chinese edition will add special columns on the market, tourism, nationalities, and party life. It will also expand its information page and increase reports on sports and cultural activities to make it closer to real life and to the masses. The newspaper will meet our readers with a brand new face.

In the wake of the price rises of paper and other raw materials, XINJIANG RIBAO will appropriately increase the rates of its four language editions. A four-page Chinese edition newspaper will sell for 0.2 yuan, up from the current 0.13 yuan, while an eight-page newspaper will sell for 0.4 yuan. The monthly subscription rate will increase from 4.5 yuan to 7 yuan. The monthly subscription rate for the newspaper's six-page Uygur language edition will be adjusted to 5.4 yuan from 3.9 yuan; its four-page Kazakh-language edition will be adjusted to 4.5 yuan from 3.9 yuan; and its Mongolian-language edition will rise to 3.9 yuan from 3 yuan. Even after the rate adjustment, XINJIANG RIBAO's rates will be among the lowest for provincial-level party newspapers in the country.

Officials React to U.S. Approval of NAFTA

OW1911071093 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 18 Nov 93

[From the "Hookup" program]

[Excerpts] The U.S. House of Representatives approved the North American Free Trade Agreement [NAFTA] on 17 November, U.S. eastern standard time. The North American free trade zone may take effect in January.

Yang Shih-chieh, vice minister of economic affairs, said that the NAFTA will not have a significant influence on our economic and trade situation in the short run. However, owing to the fact that some 80 percent of the products that our country and Mexico export to the United States overlap, many of our country's industrial enterprises will face strong competition in the U.S. market.

A Finance Ministry official said that the outlook for Taiwan's trade with the United States may not be optimistic. [passage omitted]

(Li Kao-tsai), head of the Economic Research Department of the Council for Economic Planning and Development, said: In the short term, Taiwan businessmen's investments in Mainland China and in the countries of Southeast Asia for producing items for export to the United States will not be hard hit by the agreement. [passage omitted]

Taipei Plans Pact With U.S.

OW0212084593 Taipei Voice of Free China in English 0200 GMT 30 Nov 93

[From the "News" program]

[Text] Implementation of the North America Free Trade Agreement [NAFTA] could spell trouble for local exporters due to the similarities of some 80 percent of Taiwan's products with Mexico's, the Ministry of Economic Affairs has warned. The NAFTA would integrate the economies of Canada, the United States, and Mexico into a single free trade zone. If NAFTA takes effect, tariffs on goods sold by the three countries would be significantly reduced.

The Economics Ministry has estimated that within the first six years after NAFTA takes effect, the total value of local export to the U.S. could fall by about \$4.4 billion, a decline of 2.7 percent. In terms of Taiwan's worldwide export, this would reflect a drop of 0.8 percent.

The ministry indicated that in addition to its efforts to try to set up some kind of free trade agreement between the ROC [Republic of China] and U.S., the government will also encourage local exporters to set up more production lines in Mexico.

Taipei Offers Aid to Latin America, Caribbean

OW0112155893 Taipei CNA in English 1346 GMT 1 Dec 93

[By Ed Shay]

[Text] Houston, Nov. 30 (CNA)—The Republic of China [ROC] is providing financial and technical assistance to friendly nations in Latin America and the Caribbean for the purpose of achieving common prosperity in the future, ROC officials said in Miami Tuesday [30 November].

Speaking at a reception in honor of the participants in the 17th annual conference on investment, trade and development in the Caribbean basin, Vice Minister of Economic Affairs Li Shu-jio [name as received] said the ROC is using its international economic cooperation development fund to help the countries in the region.

The ROC is also providing technical assistance to these nations and helping them develop small and medium enterprises.

The reception was hosted jointly by Li and Ding Mou-shih, representative of the Coordination Council for North American Affairs in Washington.

Addressing the gathering, Ding said many countries in the Caribbean and Latin America are undertaking major policy changes and economic reforms geared toward the free market system. "The Republic of China welcomes these changes and we are willing to offer to our friends in this region our experience in dealing with economic development," he said.

Ding said strong economic growth is now taking place in the Asia-Pacific region. "We encourage you to utilize my country's strategic central location in the Asia-Pacific rim as a gateway to the Asian market," he said.

Some 500 business and government leaders are participating in the four-day conference.

Germany To Promote Trade Ties With Taipei

OW0212082293 Taipei CNA in English 0758 GMT 2 Dec 93

[By C. L. Chung and Y. C. Tsai]

[Text] Bonn, Dec. 1 (CNA)—Foreign Minister Klaus Kinkel Wednesday [1 December] told a meeting of the Bundestag that Germany will work to promote trade and cultural ties with Taiwan.

In his report on Asian policy, Kinkel said that while Mainland China has a particularly important position in Asian policy, Bonn's China policy does not exclude Taiwan.

Calling Chancellor Helmut Kohl's visit to Mainland China last month "very successful," he noted that in addition to absorbing a large amount of orders from the mainland, Germany could help improve the mainland's human rights conditions.

The foreign minister stressed that stability and peace in Asia are important to Germany, and for this reason the Bonn government will strengthen cooperation with Asian countries.

By the year 2000, he elaborated, Asia will boast 400 million residents with a living standard and purchasing power equal to that of people in the West.

Given the prospects, it is not good for Germany to focus its exports on the European markets, he added.

If German enterprises could garner a higher market share in Mainland China and Southeast Asian countries, which boast relatively high economic growth, Germany's worsening unemployment problem would be properly addressed, he pointed out.

It is estimated that the tapping of Asian markets could create about 400,000 job opportunities for Germans, he added.

Economics Minister Guenter Rexrodt echoed Kinkel's views and pointed out that Asian countries also look forward to doing business with their European partners, Germany in particular.

In a following debate, many parliamentarians of the opposition Socialist Democratic Party rapped Beijing's abuse of human rights, saying Bonn should not render soft loans to Beijing and should develop trade ties with Taipei.

A controversial proposed sale of submarines to Taiwan could be worth up to U.S.\$7.8 billion, they stressed.

International Wildlife Protection Delegates Visit

OW2911150793 Taipei CNA in English 1357 GMT
29 Nov 93

[By Lilian Wu]

[Text] Taipei, Nov. 29 (CNA)—Delegates from an environmental group Monday [29 November] suggested that Taiwan immediately stop the trade of rhinoceros, tigers and their products.

A three-man delegation of the Convention on International Trade in Endangered Species (CITES) made the remark during a visit with Sun Ming-hsien, chairman of the Council of Agriculture (COA).

Lin Shiang-nung, COA vice chairman, explained Taiwan's wildlife conservation efforts to the CITES delegation and discussed the enforcement of Taiwan's wildlife protection law. The delegation was also shown a videotape introducing Taiwan's wildlife conservation efforts.

Sun said that he will arrange for the delegates to visit Chinese herbal medicine shops, hold seminars with local environmental groups and observe customs methods of cracking down on the illegal trade of the endangered animals.

The delegation will help Taiwan in the registration, management, and product inspection of rhino horns, he said.

The delegation, including Frank Antrim from CITES management authority, Judy Mills from Trade Record

Analysis of Flora and Fauna in Commerce (Traffic International) and Art Lazarowitz from the US Fish and Wildlife Service, arrived here Monday and will stay until Dec. 2.

MAC Head Hopes Taipei Hosts Cross-Strait Talks

OW0112151093 Taipei CNA in English 1357 GMT
1 Dec 93

[By Ed Shay]

[Text] Taipei, Dec. 1 (CNA)—Mainland Affairs Council [MAC] Chairman Huang Kun-hui said Tuesday [30 November] that the MAC hopes the next cross-strait talks, slated for the middle of this month, will be held in Taipei.

At a Legislative Yuan session, Huang said Taiwan's Straits Exchange Foundation and Mainland China's Association for Relations Across the Taiwan Strait had agreed during their April meeting in Singapore that the two sides should jointly decide the sites for future follow-up talks.

Since Beijing in August and Xiamen in November hosted the first and second round of talks, Huang said that he expected the third round to take place in Taipei.

Legislator Li Yu-chi suggested that the talks be held on Taiwan's offshore islands of Penghu or Kinmen rather than in Taipei.

Chiao Jen-ho Becomes SEF Secretary-General

OW0212083093 Taipei CNA in English 0813 GMT
2 Dec 93

[By Sofia Wu]

[Text] Taipei, Dec. 2 (CNA)—Chiao Jen-ho was sworn in as secretary-general of the semi-official Straits Exchange Foundation (SEF) Thursday.

Chiao, former vice chairman of the Mainland Affairs Council (MAC), succeeded Cheyne J.Y. Chiu, who is expected to be the Republic of China [ROC]'s new representative to Singapore.

The change-over ceremony was presided over by SEF Chairman C.F. Ku who won a second term earlier in the day during a SEF board meeting.

Chiao, 44, had been deputy director of the First Bureau of the Presidential Office before becoming MAC vice chairman.

As Chiao has been involved in designing and enforcing the government's policy toward Mainland China, Ku said he believes Chiao will help accomplish SEF's goal of forging rapprochement between the two sides of the Taiwan Strait.

SEF was founded in 1990 to handle civilian exchanges with the mainland in the absence of official cross-strait contacts.

As the nation has not yet reached a consensus on mainland policy, SEF's work has not proceeded as smoothly as expected. SEF has changed its secretary-general three times since its founding.

Ku said he hopes Chiao will breathe new life into SEF and help improve SEF's relationship with the cabinet-level Mainland Affairs Council.

Cheyne Chiu said in his farewell speech that the most satisfactory thing he accomplished during his nine-month tenure as SEF secretary-general was organizing the first meeting between SEF Chairman Ku and his mainland

counterpart Wang Daohan in Singapore in April. It was the highest-level cross-strait meeting in more than four decades.

The Ku-Wang talks laid groundworks for future cross-strait exchanges, Chiu noted.

"Developing ties with the mainland is a tough task," Chiu said. He advised his successor to be patient in handling his work.

Chiu, a former aide to President Li Teng-hui, told Chiao that winning the respect of mainland delegates is very important in dealing with cross-strait affairs.

Hong Kong

Jiang Zemin To Chair Meeting on Talks With UK

HK0212061293 Hong Kong MING PAO in Chinese
2 Dec 93 p A6

[Report: "Jiang Zemin Reportedly Will Chair High-Level Meeting To Assess the Situation of Sino-British Talks and Work Out Countermeasures"]

[Text] According to sources on the Chinese side, PRC President Jiang Zemin, who returned to Beijing on Tuesday [30 November] after concluding his foreign trip, will personally chair a high-level meeting to assess the latest situation of the Sino-British talks on Hong Kong's political arrangements and decide on future countermeasures. Premier Li Peng and Vice Premier Qian Qichen, who is also foreign minister and just accompanied Jiang Zemin on his foreign trip, will also attend the meeting.

According to the sources, after the end of the 17th round of Sino-British talks, although the British side repeatedly announced that it would submit the political reform package—on which China and the UK had failed to reach any agreement—to the Hong Kong Legislative Council, the Chinese side still waited for Jiang Zemin's return from his trip to Cuba, Brazil, and Portugal after attending the informal meeting of Asia-Pacific Economic Conference leaders in Seattle before it finally made its next-step countermeasures. The sources said that the Chinese side took the current state of events very seriously.

Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, and Zhou Nan, director of the XINHUA Hong Kong Branch, are now in Beijing and will participate in the evaluation of the latest situation.

On the other hand, a Chinese official in Beijing told MING PAO that the Chinese side will still do its utmost to strive for an agreement in the talks. He said: Even if the political reform package is gazetted today, the Chinese side will still seek diplomatic contacts in the hope that the British side will give up the plan to submit the political reform package to the Legislative Council and that the two sides may still restore the talks. He stressed that, as long as the political reform package is not submitted to the Legislative Council, it is still possible to continue the talks and reach an agreement.

However, he also pointed out: If the Sino-British talks on Hong Kong's political arrangements officially break down, the Chinese side will clearly tell Hong Kong people what has happened. He did not deny the possibility that Director Lu Ping may hold another news conference to explain what has happened.

Last March, the British side gazetted Hong Kong Governor Chris Patten's constitutional reform package, which was strongly opposed by the Chinese side. After that, Lu Ping held a news conference in Beijing, making public some of the Sino-British diplomatic contacts and explaining the Chinese side's position.

The Chinese official added: The position of the Chinese side is clear; that is, once the political reform package is submitted, either partly or wholly, to the Legislative Council, the Sino-British talks on the political arrangements will immediately come to an end [zhong duan 0022 2451]. If even only a part of the political reform package which is completely endorsed by the Chinese side is submitted the Legislative Council, the Chinese side will not accept the practice of the British side unilaterally arranging the legislative procedures before an official agreement is reached by the two sides.

Qian Hosts 'Emergency Session' on Patten Plan

HK0212041293 Hong Kong THE STANDARD in English 2 Dec 93 pp 1, 4

[Report by Mary Binks and Rain Ren in Beijing]

[Text] A top-level emergency session has been held in Beijing on the eve of today's announcement by Governor Chris Patten that he will proceed unilaterally with constitutional reform. Chinese officials yesterday stepped up the pressure on Patten to retreat from unilateral action, warning that the absence of political co-operation would affect other crucial transitional issues still under negotiation.

Returning from overseas on Tuesday [30 November] night, Foreign Minister Qian Qichen was faced with the collapse of Sino-British negotiations over the political future of Hong Kong. Qian, who is also vice-premier, yesterday met his most senior officials dealing with Hong Kong, including Hong Kong and Macao Affairs Office director Lu Ping, and the XINHUA News Agency's Hong Kong director Zhou Nan.

China is yet to respond to Britain's request for an 18th round of talks next month to negotiate only the contentious issues surrounding the 1995 Legislative Council elections. The two sides failed to reach a consensus on even the easier issues. Beijing has threatened to terminate any co-operation if Patten tables a constitutional reform bill in the legislature.

Patten is expected to inform legislators today of the Executive Council's decision to table a bill dealing with what it believes are the easier issues. The bill will reduce the voting age from 21 to 18, abolish the appointment system, and implement single-seat, single-vote constituencies in all three tiers of government. It is likely to be introduced in the legislature on 15 December—two days before the summer recess—meaning debate will be deferred until next month at the earliest.

China will agree to another round of talks only if Patten shelves the legislation until after an agreement. It is a precondition to which the British side is unlikely to agree, given the time constraints on arrangements for next year's district board elections. Chinese officials yesterday raised the stakes in the bitter row, warning that other transitional issues under discussion by the Sino-British Joint Liaison Group (JLG) would be affected.

The JLG negotiations, which include agreement on hundreds of post-1997 laws and treaties, the future of military lands in Hong Kong and financial arrangements for the new airport, have already stalled under the strain of the political tensions. Sources on both sides conceded that next week's JLG plenary meeting in London was expected to take the brunt of the collapse of the political negotiations.

A delegation in Beijing of the pro-China Alliance for the Betterment of Hong Kong yesterday suggested legislators defer any discussion on the bill until a Sino-British agreement could be reached. But the legislature's three key political factions have already pledged support for the bill. However, a move by the United Democrats to amend the bill to include Patten's total reform package was not likely to succeed.

Meanwhile, Britain has agreed to China's proposal to allow local delegates to the National People's Congress (NPC) to run for election in 1995. Local delegates have been prevented from running for election in Hong Kong as, under present law, the NPC is classified as a "foreign parliament".

In a further insight into the collapse of Sino-British negotiations, it has been confirmed that in the two previous rounds China agreed to scrap the appointment system—stipulated by Britain as one of the easier issues. But China had insisted its central government retained the right to restore the system.

Britain rejected the concession, as it believed it might set a dangerous precedent in allowing the central government to undermine the post-1997 Special Administrative Region's (SAR) autonomy. It believed the central government should not make decisions on behalf of the SAR government.

Governor Patten Announces Plan for Elections

HK0212094193 Hong Kong Asia Television Limited in English 0630 GMT 2 Dec 93

[Statement delivered by Hong Kong Governor Christopher Patten to a session of the Legislative Council in Hong Kong—live]

[Text] Mr. President, I should like to make a statement on the electoral arrangements for 1994 and 1995.

For the last seven months, negotiations have been continuing between Britain and China on the arrangements for the District Board elections in 1994 and the Municipal Council and Legco [Legislative Council] elections in 1995. After 17 rounds, it has still not proved possible to reach agreement, even on the most urgent and uncontroversial issues.

These negotiations are not about the pace of democratization in Hong Kong, though some of you think they should be. There is no argument between Britain and China over the principle that Hong Kong's democratic institutions should continue to develop. That is spelled out in the Joint

Declaration, which provides that from 1 July 1997, the Legco of the SAR [special administrative region], quote, shall be constituted by elections, unquote. China's own Basic Law for the Hong Kong SAR sets out that process of democratic development in greater detail. What is at issue is how to turn this principle into practice.

In October 1992, I set out a number of proposals designed to achieve that. Those proposals, put forward with the full support of the British Government and after consultations in Hong Kong, were carefully designed to be fully consistent with the Joint Declaration, the Basic Law, and the relevant agreements and understandings between the two sides, an objective which—as was confirmed by the recent evidence of independent lawyers to the Foreign Affairs Committee of the House of Commons—was wholly achieved. But we always made clear that they were proposals which we wished to discuss with the Chinese side. Our clear preference is to proceed by agreement with China, wherever we can, in the interests of continuity. That is why we pressed hard for talks on these matters between Britain and China, and were pleased when they eventually began in the spring.

What is our aim in these talks? It is very simply this: Electoral arrangements that are open, fair, and acceptable to the people of Hong Kong. We want elections that offer people a genuine choice, not elections vulnerable to manipulation and corruption. Why does this matter? It matters for this reason: If there is no level playing field for the elections to Legco, what hope is there of preserving a level playing field elsewhere—in the courts, in the business world, for the individual citizen? If you compromise the elections to the legislature whose job it is to make laws, then you erode the foundations of the rule of law in Hong Kong. That is surely not what the British and Chinese Governments had in mind when they agreed in the Joint Declaration that the SAR Legco should, quote, be constituted by elections, unquote.

We are approaching these negotiations in good faith. As I told this council in October of this year, we have offered major moves to try to meet Chinese concerns—conditional on our reaching an acceptable overall agreement, and without compromising on our principles—but we have made clear from the outset that the talks cannot go on indefinitely. One of our responsibilities under the Joint Declaration is to ensure that the arrangements for the elections are put in place on time. Because the negotiations started later than we would have liked and are taking as long as they are, the pressures of the legislative timetable now bear down upon us. That is why we have concentrated in recent rounds on exploring fully the prospects for an interim agreement. We had hoped it would be possible to deal with the less contentious issues that way.

Despite our best efforts, that has not proved possible. The three straightforward and largely uncontroversial issues on which we wanted early agreement were: The voting age for District Boards, Municipal Councils, and Legco elections; the voting method for District Boards, Municipal Councils, and Legco elections; and the abolition of appointed

membership in District Boards and Municipal Councils. All three are matters on which the views of this council have been made very clear. Unfortunately, the only one of these issues which the Chinese side were prepared to agree in its entirety, as part of a package agreement, was that the voting age should be reduced to 18 for Legco, District Board, and Municipal Council elections. The voting age in China is, of course, 18.

Clearly, the Chinese side had no objection in principle to an interim agreement encompassing Legco issues. Indeed, they proposed one in which the new voting age would apply to Legco elections. They themselves proposed that we should recommend to this council changing the law to permit Hong Kong residents who are members of Chinese people's congresses to serve in Legco and in district organizations. We were prepared to agree to that suggestion. So it is particularly hard to understand why the Chinese side refused to agree to use the single-seat, single-vote voting system for all three sets of elections, knowing as they do the time pressures we face. This voting system is already in use in all Municipal Council and two-thirds of District Board elections, and the Chinese side have said that they had no objection to extending it to the remaining one-third of District Board elections. Instead, they argued that the issue of the Legco voting system should be left aside for discussion with other Legco issues, even though the issue of the Legco voting system has already been discussed at some length in the talks and from quite an early stage.

To be of practical value, an interim agreement would need to cover both the voting age and voting method for all three tiers of election. There are strong practical and political reasons for this: The value of an interim agreement would be that it would buy us a little more legislative time to negotiate on the more difficult issues. Why does the legislation on the Legco voting method need to be passed at an early date? Of course, the Legco voting method determines the number of constituencies which will need to be drawn up. And if we had to legislate twice on voting systems, that would take more time, not less, at a time when the legislative calendar will already be under severe pressure dealing with the other electoral issues.

There are compelling political reasons, too: The single-seat, single-vote voting system for Legco enjoys widespread support in this council; both major parties have said they would support its introduction. If we introduce legislation on the voting method which failed to include the single-seat, single-vote system for Legco, we would be flying in the face of what we know to be this council's wishes. If the Chinese authorities were prepared—though we have no confirmation of this—to agree to the single-seat, single-vote system for Legco at some future date, why could they not agree to it now, given the very real time constraints we are facing? And if the Chinese side were not prepared to agree to it now, what assurance is there that they would agree to it in the future?

Let me make one other obvious point: If you were not to have this voting method for Legco, any other—for

example, a proportional system—would be more complicated and would take more time to bring into law, even supposing that Legco members could be persuaded to accept an alternative system, which seems unlikely given the clear views that have been expressed on the matter. But that is not, not, [repeats himself] the only issue, I regret to say, which prevented us from reaching a first-stage agreement.

We also discussed membership of District Boards and Municipal Councils with our Chinese colleagues. The Chinese side were unable to agree that appointed membership of these bodies should be abolished. Earlier indications that they were prepared to reach an acceptable agreement that would have allowed us to do this—while preserving the right of the future SAR to decide on its own, under Article 98 of the Basic Law, whether to reinstate appointed membership—alas, proved illusory. It is a pity that we were not able to conclude an interim agreement... [At this point, Patten pauses as Legco President John Swaine orders the removal of three protesters in the public gallery who each unfurl a red banner printed with Chinese characters in white. On one of the banners, the words "against the wishes of the Hong Kong people" can be read. Patten remarks: "A few visual aids," and then begins his sentence over again.] It is a pity that we were not able to conclude an interim agreement, even on issues which are not very complex; nor controversial in this council; nor, I suspect, matters of great principle to the Chinese side.

I've considered the position carefully with the Executive Council in recent days, and with the foreign secretary. We have all—the foreign secretary, the Executive Council, and I—reluctantly concluded that we now have no choice but to begin the process of legislating on the simpler issues, not least if we are to give ourselves more time to talk with China about the more difficult ones. The foreign secretary has therefore informed the Chinese Government that draft legislation will be introduced into this Council covering the most immediate issues. This draft legislation will cover: First, the voting method and voting age for District Boards, Municipal Councils, and the Legislative Council; and second, the abolition of appointed seats in District Boards and Municipal Councils, and a consequent increase in the number of elected seats in Municipal Councils.

As an indication of our wish to continue cooperation with the Chinese side, the draft legislation will also include provisions to permit Hong Kong residents who are members of Chinese people's congresses to serve in district organizations and in this Council. We will follow the normal procedure: Gazette the bill on 10 December, and introduce this draft legislation on 15 December. This will give the Council the chance to set up a committee to consider the bill before the Christmas recess. To wait longer would delay everything until mid-January.

Despite the limited progress made so far, it is our strong hope that the talks will continue so that the two sides can resolve the outstanding differences between us on the major issues. Beginning the legislation on the simple issues

gives us a little more time to do that. The prime minister has proposed an intensive effort to resolve the remaining issues, and I hope the Chinese side will join us in that. We are seeking to proceed in a measured and orderly way, and we remain keen to continue talking with the Chinese side in a constructive and workmanlike spirit.

At the end of the last round, the British negotiator proposed an 18th round of talks to take place this month. We have subsequently proposed dates, and await a Chinese to reply to this proposal. No one seriously doubts that we are working against the clock. These are very complicated elections. It is an open secret that we would have liked to have legislated last summer. We have deliberately refrained from announcing deadlines, but everyone—including the Chinese side—knows that there are real time constraints, and we made clear to them that we had to start the legislative process this December.

The pressure of time is on legislating both for the Legco, as well as the district organization elections. That is why we have consistently explained to the Chinese side that it would not help us to separate the arrangements for the district organization elections from those for Legco. The foreign secretary explained that, in terms, to Vice Premier Qian on 1 October. We have accepted—not without reservations and not without criticism—the case for separate bills on simple, and on more contentious, issues precisely in order to try to buy a little more time to deal with the latter. I want to emphasize that on all matters concerning Hong Kong's transition, we would naturally prefer to be able to proceed on the basis of agreement with China. That would be in all our best interests: China's, Britain's, and Hong Kong's. In certain cases, it may simply not be possible to do so when differences remain between the two sides. We then have a clear duty to fulfill our responsibilities under the Joint Declaration and to proceed in the way that we believe to be responsible, right, and in the best interests of the people of Hong Kong.

The transfer of sovereignty was always going to be a difficult enterprise. There were bound to be disagreements along the way, but that is all the more reason why Britain and China should do all they can to maintain their goodwill and cooperation, even where differences remain on individual, albeit important issues. If we disagree on something, that is no reason to disagree on everything. The next three and half years will continue to require a good deal of vision and good sense from both sides if we are going to make a success of this enterprise. Those are qualities which I hope all parties will display in the coming months, as both Britain and—I am sure—China seek to turn into reality commitments made in the Joint Declaration, commitments made solemnly to the people of Hong Kong.

Answers Councillors' Questions

HK0212125193 Hong Kong Asia Television Limited in English 0630 GMT 2 Dec 93

[Hong Kong Governor Chris Patten answers questions from Legislative Councillors at the Legislative Council building; moderated by Council President John Swaine—live]

[Excerpts] [John Swaine] Members may now put questions to the governor on matters arising from his address. A member who has asked a question may, for the purpose of elucidation only, ask a short, follow-up question. Mr. Moses Cheng.

[Appointed member Moses Cheng-chi] Thank you, Mr. President. Sir, we all know that the great majority of the people of Hong Kong want an acceptable agreement. Why are you gazetting the bill at this time, thereby running the risk of talks breaking down?

[Chris Patten] I've sought to explain that the best way of salvaging the prospect of an agreement in the talks is to give us more time, and that the only way we can get more time is by taking some decisions in this Council on the less contentious issues. I realize that some people will be skeptical about the prospects for success. We've had 17 round of talks, and alas, we've only so far managed to reach agreement on the voting age; I don't think that the community would criticize us for making too rapid progress. But we still think we should try, and try as hard as we possibly can, to reach an agreement. I hope the honorable member won't forget this: It was the British and Hong Kong sides who proposed talks. It is the—I believe—the British team which has made significant conditional concessions during these talks in order to try to bring them to a satisfactory conclusion. It is the British side which is attempting, in the way I've described this afternoon, to find more time to allow these talks on the more contentious issues to arrive at a conclusion. It's difficult, but we're prepared to try as hard as we can. [passage omitted]

[Appointed member Alan Lee Peng-fei] Governor, if the Chinese Government responds to further talks before 10 December, which you mentioned as the date of gazetting, will you postpone the gazetting to give further talks a chance?

[Patten] I very much doubt whether the Chinese side would make talks before 10 December conditional on what happened on 10 December. Any proposals that we received from the Chinese side, we'd have to consider very carefully. We've actually proposed 17 and 18 December for the next round of talks. Next week the JLG [Joint Liaison Group] is meeting in London, which might constrain Chinese enthusiasm for another set of talks before 10 December, but if they wanted to talk before 10 December, or after 10 December, or ever, they'd find us at the table.

[Swaine] Mr. Cheung Man-kwong.

[United Democrats' Cheung Man-kwong, member elected for the Teaching Constituency; in Cantonese, with superimposed English translation] I have many questions. Mr. Governor, a government should live up to its word; it should not breach its faith to the people. In the past seven months, you and the officials of the Hong Kong Government have stressed time and again that the proposals in your package, like elected DB [District Board] members across the board and the 10 members of the Election Committee [as heard] are inseparable from the package. So

you have said that, but now you have done something and you actually have overturned what you have said. So you split your own package. So, how can you ask the people to believe that you won't backtrack again? How can you ask people to believe that the government which you lead is a government with credibility? If the government does not have credibility, how can it lead Hong Kong up to 1997? Mr. Governor, I understand that you have a model answer for this, but I hope that you can state it publicly and give explanations.

[Patten] I'm not sure whether the answer I have is a model answer, but I'll try to make it such, and perhaps the honorable member will allow me to set out the position in some detail because it's become a matter of controversy. I notice, in the last few days. I won't go into all the detail of the negotiations because we still hope that the talks will continue. But I will tell the honorable member what I think needs to be on the record at this stage.

At a fairly early stage in the negotiations, the Chinese side suggested to us—as I recall it was in May—that we should split the legislation for the District Boards and Municipal Councils from the legislation for Legco [Legislative Council] itself. We made clear from—as I recall—28 May that that was not an option which we favored; not an option which we favored [repeats himself] because we pointed out, again and again—which the council will know, and will certainly know by next July—the real pressures on us, the biggest pressures are on the legislation on the Legco elections. That's what's going to take most of the time, and that is what I suspect is going to give us most of the difficulty. But we did say that we were prepared to distinguish between what we thought should be the straightforward issues involving Legco, as well as district organizations, and the less straightforward ones. I said that in public a number of times. I recall, that I said it, for example, in statements on 13, 14, and I think, 15 October; on one occasion shortly after I'd met the honorable member who asked a question a moment or two ago. It was also a position which was made absolutely plain by the foreign secretary, Douglas Hurd, to Qian Qichen when he met him on 1 October. Douglas Hurd said on that occasion that we weren't attracted by the idea of separating the district organizations from Legco because—I repeat again—that didn't give us extra time.

So throughout, we've made a distinction between, on the one hand, trying to separate the district organizations from Legco, and on the other hand, trying to separate the more straightforward issues from the more complicated ones. We do think that the best way of buying more time for the more controversial issues is to get as many of the straightforward ones into early legislation. And the more one can get into early legislation, the longer you have to talk about the more controversial issues.

So that's the position of the government, and it's a position which is—I think—wholly reasonable, and is intended to give us the time; however skeptical the community may be about the possibilities, it's intended to give us the time to try for common agreement on those very difficult issues

which lie at the heart of the election arrangements for 1995. I think that is a credible posture for us to have taken, and I think it's particularly credible if we want to give the talks the chance of success. If I can just add one point to that answer, whether model or not, it is obviously a matter of concern to all of us, particularly—I think—a matter of concern to those who've been at the table for round after round after round, that we haven't managed to make more progress. I don't think—hand-on-heart—I don't think that anybody can blame that on our side. [passage omitted]

[Elected member Wong Wai-yin, of Meeting Point; in Cantonese, with superimposed English translation] Mr. Governor, well on one hand, you have decided to introduce the bill on more straightforward issues, and it will be introduced on 15 December, but, on the other hand, you said that you hope very much that on more contentious issues concerning the electoral arrangements, you will have more talks with the Chinese side. When now, even on these straightforward matters which do not concern principles, the Chinese side did not accept everything, how can you expect the Chinese side to agree on the more controversial issues? Will this be your wishful thinking? Well Mr. Governor, my question is this: If the Chinese side refused to hold any talks with you on the electoral arrangements, then will you introduce another bill on the remaining part, including the part on election committee and the functional constituencies? Will you consider introducing the whole package to the Legco? Are you waiting for miracle to happen?

[Patten] Well, I have to say that as a practicing Christian, I do believe in miracles, though they are not vouchsafed as often as one would like in the political arena, except occasional election results in which I have played a part. [laughter] It's the end of my memoirs.

Two questions: The honorable member expressed in his first question some of the skepticism, which is undoubtedly going to be reflected more widely in the community, about the prospects for an overall settlement of issues like the through-train. If we can't even reach an agreement on appointed membership of district organizations, on the voting method for Legco—on which the Chinese side must know this council's views and the community's views as well as I do—I think despite that skepticism, it's incumbent upon your government and those who represent the interests of the people of Hong Kong to try very hard, whatever the difficulties, to get an agreement. If we could get an agreement, it would be a great prize. A Chinese official said not very long ago—I think unwisely, and perhaps, to be fair to him, inadvertently—that it would be no big deal if we didn't get an agreement. Well, I think it would be a big deal if we could get an agreement that was acceptable to the people of Hong Kong; it would be good for China, good for Hong Kong, good—in a way—for the United Kingdom and the UK's relations with China.

So we'll go on trying, and we're prepared to go on talking, and our team will never be the team that walks away from the negotiating table—never. We proposed the negotiations; we've gone, 10-day or fortnightly intervals, up to

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Beijing to take part in the negotiations; we've gone on putting sincerity into these negotiations; we've proposed the formula for keeping the negotiations going; and we will try until what I hope isn't the bitter, but the sweet end.

The honorable member says: Well, what happens if you don't get an agreement? I'm always reluctant to answer questions which are hypothetical, but this is, while hypothetical, a perfectly reasonable question. If we don't reach an agreement, then because of our sovereign responsibilities to conduct elections in 1994 and '95, in compliance with the Joint Declaration, we will have to put forward proposals to this Legislative Council ourselves. And the Legislative Council will then have to determine what it believes to be in the best interests of the people of Hong Kong.

And I just want to add one point because it is, if I may say so, perhaps a feature—an inevitable feature—of Hong Kong's life that in discussing political issues, conspiracy theories very often abound; there are a lot of them about, and I want to nail one straight away. If the government puts forward proposals which, in our estimation and the Executive Council's estimation, represent the best way of securing fair and open arrangements for our elections in Hong Kong, which are most likely to command the broadest measure of support in Hong Kong, having put those proposals forward, the administration isn't going to dash back up the road to the government secretariat. The governor isn't going to put proposals in front of this Legislative Council whether they are the basis... [pauses] whether they're after agreement or not, and dash back to Government House, leaving it to the Legislative Council to come to whatever view it wants. Any proposals that we put forward, we will want to argue for. We won't—I hope—behave in ways which the Legislative Council would find uncomfortable. But we will certainly try to deploy all the rhetorical talents at our command to get into place arrangements which we believe are in the best interests of Hong Kong. I just wanted to make that point because it's sometimes suggested that we would put arrangements into the Legislative Council and then run for the bunker. That is not our intention. We will go on consistently arguing for, debating for, working for what we think is in the best interests of Hong Kong. [passage omitted]

[Elected member Dr. Yeung Sum, of the United Democrats; in Cantonese with superimposed English translation] Mr. Governor, now it takes two for a tango; one party cannot take a tango. Now you've split the original package to show your sincerity to the Chinese for continue the talks, but in this way, if the other side does not appreciate that you have a split bill, they won't talk with you. Why not take the whole package here? [question as heard]

[Patten] It does indeed take two to tango, as the honorable member says, though I should perhaps avoid saying that myself, in case it brings down on my head further dancing epithets.

We've recognized, when contemplating this course of action, that there are going to be many members of the community—including many who are members of, or who

support the honorable member's party, which received, as we know, substantial support in last Legco elections—many people who will think it wrong of us to split the legislation into two parts. I think that it is right to run the risk of that criticism in order to try to accomplish a broader goal, albeit one which is going to be very difficult to accomplish. If, if [repeats himself] the Chinese side walk away from the table, then we'll be obliged to look at the other parts of the legislation, and to decide—as I was saying earlier—what to bring forward which will be both open and fair—to use those adjectives—and will command the broadest base of support in the community. And I don't have to hide from this council the fact that that will be a difficult, demanding judgment. And we'll have to talk to members of the Council a good deal about the '92 proposals, about the conditional concessions that we've made in the talks, or about any other proposals which members of the council have. We've got to try to find the broadest ground on which to pitch our tents, and we'll be looking to cooperation from the Council in doing that, not—I repeat—simply tossing ideas at the Council and then dashing off into the distance, but trying to work out with this council what's in the best interests of Hong Kong, what's in the best interests of that principle of Hong Kong people running Hong Kong, what's in the best interests of safeguarding one country, two systems.

[Swaine] Will you take further questions, Sir?

[Patten] One more.

[Swaine] Mr. Chim Pui-chung.

[Member Chim Pui-chung, elected to the Financial Services constituency; in Cantonese, with superimposed English translation] Thank you, Mr. President. Mr. Governor, about your answers, well, it shows that you have the eloquence of a politician. Now about the talks, we understand that maybe there was no result, but it involves diplomatic confidentiality. So the things which you have just said, will that breach diplomatic code of conduct? Meanwhile, outside the Council, there are people who have doubts that the '94/'95 elections, the package is proposed by you, so you have a direct interest in it. You are afraid that if there is an agreement, then your package will disintegrate. So you don't agree that they should reach an agreement. In order to show that you don't have any conflict of interest (?about) any negotiations, you should detach yourself from the negotiations so that the negotiations can be conducted in a better way. Do you think it is correct?

[Patten] I think that the people of Hong Kong would be more than mildly surprised if the governor of Hong Kong took no interest in the negotiations over political developments in the territory. I think that the people of Hong Kong would be surprised, I guess the prime minister and the foreign secretary would be surprised, and my suspicion is that Director Lu Ping would also be surprised, if I was to claim that from now on, I was going to give up any interest in safeguarding Hong Kong's future, and improve my backhand. I don't think that would be widely welcome.

Let me just touch on two points that the honorable member made. And I know what a concern for a successful outcome to these talks he has shown and what interest in the talks he has shown. First, I have attempted today to avoid breaches of confidentiality about the talks and I guess there has been a lot more confidentiality breached in the columns of one or two newspapers, which are quite close to Peking in Hong Kong, than I've managed today. I think that there have been more breaches of confidentiality in the words of one or two officials on the Chinese side than I have shown today. I could have made rather more powerful arguments on one or two issues if I had broken confidentiality. So long as the talks are continuing and so long as there is hope for the talks, then we must abide by as much confidentiality as possible. If the talks were to break down, then we would have to set out what had happened in as honest a way as possible, but I think the community understands why we can't do that while the talks are still continuing. The honorable member also suggested that I was afraid of an agreement because it might involve changing some of my '92 proposals. Well, we've actually suggested at the negotiating table, with criticism from a number of honorable members here, conditional changes in those '92 proposals. I am not afraid of an agreement. I would like an agreement. I would like an agreement more than anything else. We have made considerable efforts to reach an agreement. If there is no agreement, I do not think that history will reckon that failure to agree is because of lack of sincerity on the side of Hong Kong or on the side of the United Kingdom.

XINHUA Reports Patten's Election Proposal
*OW0212115393 Beijing XINHUA in English 1136
GMT 2 Dec 93*

[Text] Hong Kong, December 2 (XINHUA)—Hong Kong Governor Chris Patten today announced to gazette his partial reform bill regarding Hong Kong's 1994-95 elections on December 10 and to introduce it to the Legislative Council on December 15.

The governor made the announcement in a statement which he made to the Legislative Council here this afternoon.

The bill which Patten intended to table to the Legislative Council included what he called three "largely uncontentious issues".

They are: voting method and voting age for district boards, municipal councils and the Legislative Council, and the

abolition of appointed seats in district boards and municipal councils (and a consequent increase in the number of elected seats in municipal councils).

Patten said, "I have considered the position carefully with the Executive Council in recent days, and with the (British) foreign secretary."

The governor's decision came shortly after the Chinese and British sides failed to reach an agreement on the 1994-95 electoral arrangements following 17 rounds of talks.

Earlier this week, Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, warned that the Chinese side would not accept any form of unilateral decision on the elections until such an agreement is in place.

XINHUA Spokesman Reacts

*HK0212124693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1143 GMT 2 Dec 93*

[Text] Hong Kong, 2 Dec (ZHONGGUO XINWEN SHE)—A spokesperson of the XINHUA News Agency Hong Kong Branch today issued a statement about Chris Patten's announcement of the gazettal of part of his political reform package and its tabling to the Legislative Council [Legco]. The following is the full text of the statement:

The arrangements for the 1994-95 elections in Hong Kong are a profound issue involving the transition toward 1997 and must be based on consensus reached through negotiations between the Chinese and British Governments. This is a matter of important political principle as well as a condition set by the Basic Law. Recently, as a result of the unreasonable demands persistently made by the United Kingdom, China and the UK were unable to reach an agreement on constituency boundaries and electoral arrangements in Hong Kong. At this juncture, the UK unilaterally broke off talks on the constituency boundaries and electoral arrangements and, without any agreement between the two sides, blatantly and unilaterally initiated legislative proceedings, tabling the so-called political reform package to the Hong Kong Legco for discussion, and in this way has deliberately put Legco above the Chinese and British Governments. This was a move by the UK taken with the intention of undermining the negotiations, and which threatens a complete breakdown of the negotiations. Responsibility for such a serious development rests entirely with the UK. The UK must be held responsible for all the consequences that result from such a development.

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